

FIRST AMENDMENT TO GROUND LEASE

THIS FIRST AMENDMENT TO GROUND LEASE (this “**Amendment**”) is made by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (the “**City**” or “**Landlord**”), represented by the Mayor, acting by and through the Mayor’s Office of Housing and Community Development (“**MOHCD**”) and **LAUREL GARDENS OF BETHEL A.M.E. CHURCH, L.P.**, a California limited partnership (“**Developer**”), and is effective as of _____, 2016.

RECITALS

- A. The former San Francisco Redevelopment Agency (the “**Agency**”), as landlord, and Developer, as tenant, are parties to that certain Ground Lease dated as of October 15, 1998 (the “**Lease**”), with respect to certain real property and improvements located at 1555 Turk Street, San Francisco, CA 94115 and commonly known as Laurel Gardens Apartments (the “**Property**”).
- B. Under California State Assembly Bill No. 1X26 (Chapter 5, Statutes of 2011-12, first Extraordinary Session) (“**AB 26**”), the Agency dissolved as a matter of law on February 1, 2012, and pursuant to AB 26, as amended by California State Assembly Bill No. 1484 (“**AB 1484**”), and Resolution No. 11-12, adopted by the City's Board of Supervisors and Mayor on January 26, 2012, Ordinance No. 215-12, adopted by the City’s Board of Supervisors and Mayor on October 12, 2012, and the approved housing asset list submitted by City to, and approved by, the State of California Department of Finance pursuant to AB 1484 (Cal. Health & Safety Code Section 34176(a)(2)), City is successor in interest to Agency’s interest in the Property and to all of the Agency's rights and obligations with respect to the Lease and the Property.
- C. Developer has applied to Citibank, N.A., a national banking association (together with its successors and assigns, the “**Lender**”), for a mortgage loan in the maximum principal amount of \$13,000,000 (the “**Loan**”) for the refinancing, rehabilitation, development, equipping and/or operation of the Improvements (as defined in the Lease) located at the Property.
- D. Agency and Developer desire to amend the Lease pursuant to this Amendment as a condition to Lender agreeing to make the Loan to Developer.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual representations, covenants and agreements herein contained, the parties hereto do hereby agree as follows:

1. Refinancing; Reserves. Notwithstanding anything to the contrary in Section 25.01 of the Lease, in connection with the Loan, Developer and the City agree that “Cash-out Proceeds” in an amount not to exceed \$ [1,800,000.00] (the “**Cash-out Proceeds**”) shall be applied as follows: One-third (1/3) of available Cash-out Proceeds will be distributed

as unrestricted funds to the Developer; and two-thirds (2/3) of total Cash-Out Proceeds shall be distributed to the City and held in an interest-bearing reserve by the City for use by Developer or Bethel African Methodist Episcopal Church of San Francisco pursuant to this Section (the “**Restricted Proceeds**”). Release of the Restricted Proceeds may be requested by Developer in writing accompanied by copies of invoices, contracts or other documents covering all amounts requested and are to be used by Developer or Bethel African Methodist Episcopal Church of San Francisco for purposes related solely to the development and operation of the Project or projects owned or controlled by Bethel African Methodist Episcopal Church of San Francisco that are affordable to low-, lower- or moderate-income households in the City and County of San Francisco unless the City approves an alternative use, in its sole and absolute discretion. The City may deny or approve Developer’s request for release of the Restricted Proceeds in its sole and absolute discretion (except that any request for release related to the Project shall be made in its reasonable discretion). Among the conditions to any release of Restricted Proceeds shall be that no Event of Default, or event that with notice or the passage of time or both could constitute an Event of Default under the Lease has occurred that remains uncured. Any Restricted Proceeds that are not expended within ten (10) years of the date of this Amendment shall be unencumbered and released in their entirety to the City. The Developer may request an extension of this ten (10) year period and the City may deny or approve such request in its sole and absolute discretion. For purposes of this Section 1, “**Cash-Out Proceeds**” shall include all equity created by the Loan after paying off all existing debt secured by the Project; payment of costs to complete the rehabilitation of the Improvements as contemplated by the Loan documents in an amount not to exceed the amount allocated to such costs in the budget (as approved by the City and Lender) attached hereto as Attachment 15; funding of any initial reserve account deposits required by Lender as a condition to making the Loan; and paying costs associated with the closing of the Loan; release of project operating accounts and/or reserve accounts or other available cash assets (providing, however, that any replacement reserve accounts may be released as Cash-out Proceeds only so long as the account is not less than \$1,000/unit as of the date the Loan is funded); and any developer fee approved by MOHCD.

2. The underlined language below is hereby added to **Section 1.03** of the Lease, such that **Section 1.03** of the Lease reads as follows:

1.03 Developer means Laurel Gardens of Bethel A.M.E. Church, L.P., a California limited partnership, or its permitted successors as holder of the leasehold estate in the Site and fee ownership of the Improvements, including a Subsequent Owner, where appropriate.

3. Section 1.11 of the Lease is hereby revised to read as follows:

1.11 **Lender** means the holder of any Leasehold Mortgage consented to by the City as required by Article 25.01.

4. The following sections are hereby added to the Lease as new sections:

1.18 Subsequent Owner means any successor (including a Lender or an affiliate or assignee of a Lender as applicable) to the Developer's interest in the Leasehold Estate and the Improvements following a foreclosure, deed in lieu of foreclosure, or transfer to a Lender, its affiliate, and any successors to any such person or entity.

1.19 Surplus Cash means the excess of Project Income over Project Expenses. All permitted uses and distributions of Surplus Cash shall be governed by Section 6.02h of this Lease.

1.20 Project Expenses means all charges incurred by Developer in the operation of the Project including but not limited to: (a) lease payments, utilities, real estate and/or possessory interest taxes, assessments, and liability, fire and other hazard insurance premiums; (b) salaries, wages and other compensation due and payable to the employees or agents of Developer who maintain, administer, operate or provide services in connection with the Project, including all withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments required for such employees; (c) required payments of interest, principal or annual servicing fees, if any, on any construction or permanent financing secured by the Project; (d) all other expenses incurred by Developer to cover routine operating and services provision costs of the Project, including maintenance and repair and the reasonable fee of any managing agent; (e) any extraordinary expenses as approved in advance by the City; and (f) deposits to reserves accounts required to be established under any loan documents executed in connection with any Leasehold Mortgage.

1.21 Project Income means all revenue, income receipts, and other consideration actually received from the operation of leasing the Improvements and Project, including non-residential and/or commercial uses of the Site. Project Income shall include but not be limited to: all rents, fees and charges paid by tenants or users of any portion of the Site; Section 8 or other rental subsidy payments received for the dwelling units; supportive services funding, if applicable; commercial lease income; deposits forfeited by tenants; all cancellation fees, price index adjustments and any other rental adjustments to leases or rental agreements; proceeds from vending and laundry room machines; and the proceeds of business interruption or similar insurance. Project Income shall not include tenants' security deposits, loan proceeds, capital contributions or similar advances.

1.22 First Lease Payment Year means the year in which rehabilitation activities are completed on the Project, as evidenced by a notice of completion, to be recorded in the San Francisco Recorder's Office.

5. Article 4 of the Lease is hereby deleted in its entirety and replaced with the following:

ARTICLE 4: RENT

4.01 Annual Rent

Developer shall pay to the City up to Nine Hundred Fifty Thousand Dollars (\$950,000.00) (the “Annual Rent”) per year for each year of the Term of this Ground Lease, which is equal to ten percent (10%) of appraised value of the Site as of the Effective Date, and consists of Base Rent and Residual Rent, as defined in Sections 4.02 and 4.03 below, without offset of any kind (except as otherwise permitted by this Lease) and without necessity of demand, notice or invoice. Annual Rent shall be re-determined on the fifteenth (15th) anniversary of the date of the first payment of Base Rent pursuant to Section 4.02(a) below and every fifteen (15) years thereafter, and shall be equal to ten percent (10%) of the appraised value of the Site as determined by an MAI appraiser selected by and at the sole cost of the Project. Notwithstanding the foregoing, Annual Rent shall be re-determined upon any renewal or execution of 20 year HAP contract or loss of such a contract.

4.02 Base Rent

4.02a. “Base Rent” means FIFTEEN THOUSAND DOLLARS (\$15,000) per annum. Base Rent shall be due and payable in arrears on January 31st of each Lease Year, provided, however, no Base Rent shall be due until after completion of the rehabilitation of the Improvements, as evidenced by a notice of completion. The first Base Rent payment shall be due on the January 31st of the calendar year following the issuance of the notice of completion; and provided, further, that in the event that the Developer or, if applicable, any Subsequent Owner, fails, after notice and opportunity to cure, to comply with the provisions of Section 9.02, Base Rent shall be increased to the full amount of the Annual Rent until such time as the Project achieves compliance with the provisions of Section 9.02, or in the event that a Subsequent Owner elects pursuant to Section 26.06(ii) to operate the Project without being subject to Section 9.02 or any Subsequent Owner elects, pursuant to Section 26.06(ii), to operate the Project without compliance with such provisions, Base Rent shall be increased to the full amount of the Annual Rent.

4.02b If the Project does not have sufficient Project Income to pay Base Rent in any given Lease Year and the City has received written notice from Developer regarding its inability to pay Base Rent from Project Income no fewer than sixty (60) days prior to the Base Rent due date along with supporting documentation for Developer’s position that it is unable to pay Base Rent from Project Income, the unpaid amount shall be deferred and all such deferred amounts shall accrue without interest until paid (“**Base Rent Accrual**”). The Base Rent Accrual shall be due and payable each year from and to the extent Surplus Cash is available to make such payments in accordance with Section 6.02h and, in any event, upon the earlier of sale of the Project or termination of this Ground Lease.

4.02c. If Developer has not provided City with the required written notice and documentation under 4.02b in connection with its claim that it cannot pay Base Rent due to insufficient Project Income, and/or the City has reasonably determined that Developer's claim that it is unable to pay Base Rent is not supported by such documentation, the City shall assess a late payment penalty of two percent (2%) for each month or any part thereof that any Base Rent payment is delinquent. This penalty shall not apply to Base Rent Accrual that has been previously approved by the City pursuant to Section 4.02b. The Developer may request in writing that the City waive such penalties by describing the reasons for Developer's failure to pay Base Rent and Developer's proposed actions to insure that Base Rent will be paid in the future. The City may, in its sole discretion, waive in writing all or a portion of such penalties if it finds that Developer's failure to pay Base Rent was beyond Developer's control and that Developer is diligently pursuing reasonable solutions to such failure to pay.

4.03 Residual Rent

“**Residual Rent**” means, in any given Lease Year, up to Nine Hundred Thirty Five Thousand Dollars (\$935,000.00). Residual Rent shall be due in arrears on April 15th following each Lease Year, payable only to the extent of Surplus Cash as provided in Section 6.02(f), and any unpaid Residual Rent shall not accrue. However, in the event that Surplus Cash is insufficient to pay the full amount of the Residual Rent, Developer shall certify to the City in writing by April 15 that available Surplus Cash is insufficient to pay Residual Rent and Developer shall provide to City any supporting documentation reasonably requested by City to allow City to verify the insufficiency.

4.04 Absolute Net Lease

This Ground Lease is an absolute net lease and the Developer shall be responsible to pay all costs, charges, taxes, impositions and other obligations related thereto. If the Agency pays any such amounts, whether to cure a default or otherwise protect its interests hereunder, the Agency will be entitled to be reimbursed by Developer the full amount of such payments as additional rent on the next rent payment date.

6. Section 6.02f. is hereby deleted in its entirety and replaced with the following:

6.02f Marketing and Tenant Selection Plan. No later than sixty (60) days before the completion of the rehabilitation, Developer must deliver to the City for the City's review and approval an affirmative plan for ongoing marketing of the units and a written Tenant selection procedure for ongoing renting of the units substantially in the form attached hereto as Attachment 14 (the “Marketing and Tenant Selection Plan”) all in compliance with the restrictions set forth in the Bond Regulatory Agreement and in form and substance acceptable to the City. Developer must obtain the City's approval of reasonable alterations to the Marketing and Tenant Selection Plan. Developer must market and rent the units

in the manner set forth in the Marketing and Tenant Selection Plan, as approved by the City. Before marketing any units, Developer must provide the City with updated implementation and contact information.

6.02f.i Affirmative Marketing and Tenant Selection Plan Requirements. Developer's Marketing and Tenant Selection Plan must address how Developer intends to market vacant units and any opportunity for placement on the Waiting List (as defined below). The Marketing and Tenant Selection Plan shall include as many of the following elements as are appropriate to the Project, as determined by the City:

(A) A reasonable accommodations policy that indicates how Developer intends to market units to disabled individuals, including an indication of the types of accessible units in the Project, the procedure for applying, and a policy giving disabled individuals a priority in the occupancy of accessible units.

(B) A plan that satisfies the requirement to give preference in occupying units first to Certificate of Preference Holders in accordance with the Operational Rules for San Francisco Housing Lotteries and Rental Lease Up Activities attached hereto as Attachment 13.

(C) A plan that satisfies the requirement to give preference in occupying units second to EAHP Certificate Holders in accordance with Attachment 13.

(D) Advertising in local neighborhood newspapers, community-oriented radio stations, on the internet and in other media that are likely to reach low-income households. All advertising must display the Equal Housing Opportunity logo.

(E) Notices to neighborhood-based, nonprofit housing corporations and other low-income housing advocacy organizations that maintain waiting lists or make referrals for below-market-rate housing.

(F) Notices to the San Francisco Housing Authority.

(G) Notices to MOHCD.

(H) To the extent practicable, Developer must give preference to potential tenants who have been displaced from other units in the City by rehabilitation or construction work financed in whole or part by the City. To implement this requirement, Developer agrees to give preferential consideration to applications of displaced persons provided to Developer by the City.

(I) To the extent practicable, without holding units off the market, the community outreach efforts listed above must take place before advertising vacant units or open spots on the Waiting List to the general public.

(J) An acknowledgement that, with respect to vacant units, the marketing elements listed above shall only be implemented if there are no qualified applicants interested or available from the Waiting List.

6.02f.ii Marketing and Tenant Selection Plan & Tenant Screening Criteria Requirements:

(A) Developer's Marketing and Tenant Selection Plan shall comply with the requirements of the Tenant Selection Plan Policy as set forth in the attached Attachment 11. The Marketing and Tenant Selection Plan must be kept on file at the Project at all times.

(B) Developer's tenant screening criteria must comply with the Tenant Screening Criteria Policy set forth in the attached Attachment 12.

6.02f.iii Marketing Records. Developer must keep records of:
(a) activities implementing the Marketing and Tenant Selection Plan;
(b) advertisements; and (c) other community outreach efforts.

6.02f.iv Waiting List. Developer's Marketing and Tenant Selection Plan must contain, at a minimum, policies and criteria that provide for the selection of tenants from a written waiting list in the chronological order of their application (the "Waiting List"). The Marketing and Tenant Selection Plan may allow an applicant to refuse an available unit for good cause without losing standing on the Waiting List but shall limit the number of refusals without cause as approved by the City. Developer shall at all times maintain the Waiting List. Upon the vacancy of any unit, Developer shall first attempt to select the new Tenant for such unit from the Waiting List, and shall only market the unit to the general public after determining that no applicants from the Waiting List qualify for such unit. The Waiting List must be kept on file at the Project at all times.

7. The following **Section 6.02h** is hereby added to the Lease:

6.02h Permitted Uses of Surplus Cash.

All annual Project Income, prior to the calculation of Surplus Cash, shall be used to pay Project Expenses. If the Developer is in compliance with all applicable requirements and agreements under this Ground Lease, Developer shall then use any Surplus Cash to make the following payments:

- i. First to Base Rent Accrual payments, if any;

- ii. Then, any remaining Surplus Cash shall be used as follows: (a) one-third (1/3) of remaining Surplus Cash may be retained by Developer and may be used by Developer to pay distributions or other payments in accordance with Developer's partnership agreement and (b) two-thirds (2/3) of Surplus Cash shall be allocated to the City. The City's portion of Surplus Cash will be applied to Residual Rent. In the event the City's portion of Surplus Cash exceeds the maximum Annual Rent permitted under Section 4.01, any excess may be retained by Developer to pay distributions or other payments in accordance with Developer's partnership agreement.

8. Article 7 of the Lease is hereby amended as follows:

(a) Attachment 9 is hereby deleted and replaced with Attachment 10, attached hereto and by this reference made a part hereof, and all references to "Attachment 9" in Article 7 and elsewhere in the Lease are hereby replaced with "Attachment 10".

(b) The following paragraph is hereby added to the end of Article 7:

Developer must file with the Agency annual report forms (the "**Annual Monitoring Report**") that include audited financial statements with an income and expense statement for the Project covering the applicable reporting period, a statement of balances, deposits and withdrawals from all project accounts, line item statements of Project Expenses, Project Income, Project Fees (if any), Residual Receipts and any distributions made, evidence of required insurance, a description of marketing activities and a rent roll, and an income computation and certification for each household, no later than one hundred twenty (120) days after the end of Developer's fiscal year. The Annual Monitoring Report must be in substantially the form attached as Attachment 10 or as later modified during the Lease term. If the source of Funds is federal, Developer must also provide an annual accounting of program income, as defined in applicable federal regulations.

9. The underlined language below is hereby added to the second to last sentence of **Section 20.01** of the Lease, such that sentence of **Section 20.01** of the Lease reads as follows:

In the event Developer is required, or elects, to restore the Improvements, all proceeds of any policy of insurance required to be maintained by Developer under this Ground Lease shall, subject to the rights of Lenders, be used by Developer for that purpose and Developer shall make up from its own funds or obtain additional financing as reasonably approved by Agency any deficiency between the amount

of insurance proceeds available for the work of restoration and the actual cost thereof.

10. The underlined language below is hereby added to, and the strikethrough language below is hereby deleted from, **Section 20.03** of the Lease, such that **Section 20.03** of the Lease reads as follows:

20.03 Distribution of the Insurance Proceeds.

In the event of an election by Developer to terminate and surrender as provided in Section 20.01, the priority and manner for distribution of the proceeds of any insurance policy required to be maintained by Developer hereunder shall be as follows:

(a) First, to the Lenders, in order of their priority, to control, disburse or apply to any outstanding loan amounts in accordance with the terms their respective Leasehold Mortgages;

(~~ab~~) Second, to pay for the cost of removal of all debris from the Site or adjacent and underlying property, and for the cost of any work or service required by any statute, law, ordinance, rule, regulation or order of any federal, state or local government, or any agency or official thereof, for the protection of persons or property from any risk, or for the abatement of any nuisance, created by or arising from the casualty or the damage or destruction caused thereby;

(~~bc~~) ~~Second-Third~~, to compensate Agency for any diminution in the value (as of the date of the damage or destruction) of the Site as a raw development site caused by or arising from the damage or destruction;

(~~d~~) The remainder to Developer.

(~~d~~) ~~The provisions of this Article 20.03 shall be subject to the rights of any Lender.~~

11. The underlined language below is hereby added to **Section 26.03(i)** of the Lease, and **Section 26.03(ii)** is hereby deleted in its entirety and replaced with Section 26.03(ii) below, such that **Sections 26.03(i) and (ii)** of the Lease read as follows:

(i) If such event of default is a failure to pay a monetary obligation of Developer, Lender shall have failed to cure such default within sixty (60) days from the date of written notice from the Agency to Lender; or

(ii) If such event of default is not a failure to pay a monetary obligation of Developer, Lender shall have failed, (A) within thirty (30) days of receipt of said written notice, to provide written response to Agency specifying Lender's proposed response to Developer's default,

and (B) either (a) within sixty (60) days of receipt of Agency's written notice, to remedy such default; or (b) within one hundred eighty (180) days to obtain title to Developer's interest in the Site in lieu of foreclosure; or (c) within one hundred eighty (180) days to commence foreclosure or other appropriate proceedings in the nature thereof (including the appointment of a receiver) and thereafter diligently prosecute such proceeding to completion, in which case such event of default shall be remedied or deemed remedied in accordance with Article 26.04 below.

12. The underlined language below is hereby added to **Section 26.04** of the Lease, such that **Section 26.04** of the Lease reads as follows:

Any event of default under this Ground Lease which in the nature thereof cannot be remedied by Lender shall be deemed to be remedied if (i) within thirty (30) days after receiving notice from the Agency setting forth the nature of such event of default, or prior thereto, Lender shall have provided written response to Agency specifying Lender's proposed course of action in response to such event of default, and within one hundred eighty (180) days after receipt of Agency's notice shall have acquired Developer's leasehold estate created hereby or shall have commenced foreclosure or other appropriate proceedings in the nature thereof, (ii) Lender shall diligently prosecute any such proceedings to completion, (iii) Lender shall have fully cured any event of default arising from failure to pay or perform any monetary obligation in accordance with the terms of this Ground Lease, and (iv) after gaining possession of the Site perform, or diligently proceed to perform, all other obligations of Developer as and when the same are due in accordance with the terms of this Ground Lease.

13. The underlined language below is hereby added to, and the strikethrough language below is hereby deleted from, **Section 26.05** of the Lease, such that **Section 26.05** of the Lease reads as follows:

If Lender is prohibited by any process or injunction issued by any court or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Developer from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof, the times specified in Articles 26.03 and 26.04 above for commencing or prosecuting such foreclosure or other proceedings shall be extended for the period of such prohibition; provided that Lender shall have fully cured any default in the payment of any ~~monetary obligations~~ Base Rent by of Developer under this Ground Lease as more particularly limited by Section 26.08 and shall continue to pay currently ~~such~~ Base Rent and all other monetary obligations of Developer as and when the same fall due. If this Ground Lease is terminated or rejected by Developer in bankruptcy, Agency agrees to enter into a new ground lease with the Lender for the remainder of the Ground Lease term on the same terms set

forth in this Ground Lease. And, specifically provided that in the event the Ground Lease is terminated for any reason, including, without limitation, a termination or rejection through any bankruptcy proceeding or a foreclosure transferee becomes the legal owner of Developer's interest in the Property, and upon written request by the most senior Lender or the Subsequent Owner thereof given within sixty (60) days after such termination or acquisition by Subsequent Owner of Tenant's interest in the Project, as applicable, Agency shall enter into a new lease of the Project with such Lender or the Subsequent Owner for the remainder of the Ground Lease term with the same agreements, covenants, reversionary interests and conditions (except for any requirements which have been fulfilled by Developer prior to termination) as are contained in the Ground Lease and with priority equal to the Ground Lease.

14. The underlined language below is hereby added to **Section 26.06(iv)** of the Lease, such that **Section 26.06(iv)** of the Lease reads as follows:

(iv) Any limited partners of Developer shall have the same rights as any Lender under Sections 26.02, 26.03, and 26.06 (iii), and any reference to a Lender in said section shall be deemed to include such limited partners; provided, however, that the rights of such limited partners shall be subordinate to the rights of any Lender.

15. The following sections are added to the Lease as a new **Sections 26.08, 26.09, 26.10, 26.11, 26.12, and 26.13:**

26.08 Ground Lease Rent after Lender Foreclosure or Assignment

Upon foreclosure of a Leasehold Mortgage or assignment of the Leasehold Estate in lieu of such foreclosure any accrued Base Rent in excess of an amount equal to \$75,000.00 that remains unpaid at the time of such foreclosure or assignment in lieu of foreclosure shall be forgiven by the Agency, and shall not be an obligation of the Lender or any other Subsequent Owner.

26.09 Preservation of Leasehold Benefits.

Until such time as Lender notifies the Agency in writing that the obligations of the Developer under its loan documents have been satisfied, Agency agrees:

(a) That the Agency shall not voluntarily cancel or surrender this Ground Lease, or accept a voluntary cancellation or surrender of this Ground Lease by Developer, or materially amend this Ground Lease to increase the obligations of the Developer or the rights of Agency

thereunder, without the prior written consent of the Permitted Limited Partner and each Lender (which will not be unreasonably withheld or delayed);

(b) That Agency shall not enforce against a Lender any waiver or election made by the Developer under this Ground Lease which has a material adverse effect on the value of the Leasehold Estate under this Ground Lease without the prior written consent of the Lender (which will not be unreasonably withheld or delayed);

(c) That, if a Lender makes written request for the same within fifteen (15) days after Lender receives written notice of termination of this Ground Lease, Agency will enter a new lease with such Lender commencing on the date of termination of the Ground Lease and ending on the normal expiration date of the Ground Lease, on substantially the same terms and conditions as the Ground Lease and subject to the rent provisions set forth in the Ground Lease, and with the same priority as against any subleases or other interests in the Premises; provided that such Lender cures all unpaid monetary defaults under the Ground Lease through the date of such termination; and

(d) That Agency shall provide reasonable prior notice to each Lender of any proceedings for adjustment or adjudication of any insurance or condemnation claim involving the Premises and will permit each Lender to participate therein as an interested party.

26.10 No Merger.

The Leasehold Estate in the Site pursuant to this Ground Lease shall not merge with the fee interest in the Improvements, notwithstanding ownership of the leasehold and the fee by the same person, without the prior written consent of each Lender.

26.11 Agency Bankruptcy.

(a) If a bankruptcy proceeding is filed by or against Agency, Agency shall immediately notify each Lender of such filing and shall deliver a copy of all notices, pleadings, schedules, and similar materials regarding the bankruptcy proceeding to each Lender.

(b) Agency acknowledges that (i) the Developer seeks to construct improvements on the Site using proceeds of the loans provided by the Lenders, and (ii) it would be unfair both to Developer and the Lenders to sell the Site free and clear of the leasehold. Therefore, Agency waives its right to sell Agency's fee interest in the Site pursuant to Section

363(f) of the Bankruptcy Code, free and clear of the leasehold interest under this Ground Lease.

(c) If a bankruptcy proceeding is filed by or on behalf of Agency, Agency agrees as follows: (i) the Developer shall be presumed to have objected to any attempt by Agency to sell the fee interest free and clear of the leasehold under this Ground Lease; (ii) if Developer does not so object, each Lender shall have the right to so object on its own behalf or on behalf of the Developer; and (iii) in connection with any such sale, the Developer shall not be deemed to have received adequate protection under Section 363(e) of the Bankruptcy Code, unless it shall have received and paid over to each Lender outstanding balance of the obligations under its respective loan.

(d) Agency recognizes that the Lenders are authorized on behalf of the Developer to vote, participate in, or consent to any bankruptcy, insolvency, receivership, or court proceeding concerning the leasehold interest under this Ground Lease.

26.12 No Changes to Lease

Agency will not make or accept any voluntary surrender, cancellation, modification or amendment of or to the Ground Lease at any time while any Leasehold Mortgage is in effect, nor will Agency convey all or any part of the property subject to the Leasehold Estate to Developer, nor will Developer accept such conveyance, without first obtaining the prior written consent of the Leasehold Mortgagees.

26.13 Voluntary Termination

In no event shall any abandonment of the Property or the Leasehold Estate or any action by Developer to terminate the Ground Lease be effective without the prior written consent of the Leasehold Mortgagees. Agency agrees that it shall give notice of any such abandonment or action by Developer to Leasehold Mortgagees, and Leasehold Mortgagees shall thereupon be entitled to exercise its rights and remedies under the Leasehold Mortgage and the provisions of Section 26.

16. Article 27 is hereby deleted in its entirety.
17. The underlined language below is hereby added to **Section 28.06(i)** of the Lease, such that **Section 28.06(i)** of the Lease reads as follows:

(i) First, to the extent required by a Lender in accordance with its loan documents, to pay the balance due on any outstanding Leasehold Mortgages and other outstanding or unpaid obligations and/or liabilities,

including but not limited to, trade accounts, taxes, payroll accruals and lease residuals, to the extent provided in such Leasehold Mortgages and any related loan documents.

18. The strikethrough language below is hereby deleted from **Section 28.07** of the Lease, such that **Section 28.07** of the Lease reads as follows:

28.07 Payment to Lenders

In the event the Improvements are subject to the lien of a Leasehold Mortgage on the date when any compensation resulting from a condemnation or threatened condemnation is to be paid to Developer, such award shall be disposed of as provided in the Lender's loan documents; ~~subject, however, to any requirements (i) arising in connection with financing insured by the Federal Housing Administration or (ii) otherwise imposed by HUD.~~

19. Notwithstanding anything in the Lease to the contrary, all provisions relating to cross-defaults between the Lease and any financing document or Leasehold Mortgage (as such term is defined in the Lease), including, without limitation, **Sections 3(b), 19.04a(7), and 25.04c** of the Lease, are hereby deleted in their entirety.

20. The following section is hereby added to the Lease as **Article 50**:

50: GENERAL PROVISIONS

50.1 Amendments

Neither this Lease nor any terms or provisions hereof may be changed, waived, discharged or terminated, except by a written instrument signed by the party against which the enforcement of the change, waiver, discharge or termination is sought. No waiver of any breach shall affect or alter this Lease, but each and every term, covenant and condition of this Lease shall continue in full force and effect with respect to any other then-existing or subsequent breach thereof. Any amendments or modifications to this Lease, including, without limitation, amendments to or modifications to the exhibits to this Lease, shall be subject to the mutual written agreement of Agency and Developer, and Agency's agreement may be made upon the sole approval of the City's Director of Property, or his or her designee; provided, however, material amendments or modifications to this Lease (a) changing the legal description of the Site, (b) increasing the Term, (c) increasing the Rent, (d) changing the general use of the Site from the use authorized under this Lease, and (e) any other amendment or modification which materially increases the Agency's liabilities or financial obligations under this Lease shall additionally require the approval of the City's Board of Supervisors.

50.2 Public Transit Information

Developer shall establish and carry on during the Term a program to encourage maximum use of public transportation by personnel of Developer employed on the Premises, including, without limitation, the distribution to such employees of written materials explaining the convenience and availability of public transportation facilities adjacent or proximate to the Premises and encouraging use of such facilities, all at Developer's sole expense.

50.3 Wages and Working Conditions

Developer agrees that any person performing labor in connection with the Developer Improvements or any Alterations at the Premises that is a "public work" as defined under San Francisco Administrative Code Section 6.22(E) or California Labor Code Section 1720 *et seq.* (which includes certain construction, alteration, demolition, installation, repair, carpet laying, or refuse hauling work if paid for in whole or part out of public funds) shall be paid not less than the highest prevailing rate of wages consistent with the requirements of Section 6.22(E) of the San Francisco Administrative Code, and shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco County. Developer shall include in any contract for such Developer Improvements and Alterations a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Developer shall require any contractor to provide, and shall deliver to Agency upon request, certified payroll reports with respect to all persons performing such labor at the Premises.

50.4 Non-Discrimination in City Contracts and Benefits Ordinance

(a) Covenant Not to Discriminate

In the performance of this Lease, Developer agrees not to discriminate against any employee, any City employee working with Developer, or applicant for employment with Developer, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

(b) Subleases and Other Subcontracts

Developer shall include in all Subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to such Subtenant or other subcontractor in substantially the form of subsection (a) above. In addition, Developer shall incorporate by reference in all subleases and other subcontracts

the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all subtenants and other subcontractors to comply with such provisions. Developer's failure to comply with the obligations in this subsection shall constitute a material breach of this Lease.

(c) Non-Discrimination in Benefits

Developer does not as of the date of this Lease and will not during the term of this Lease, in any of its operations in San Francisco, on real property owned by City, or where the work is being performed for the City or elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) CMD Form

As a condition to this Lease, Developer shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form CMD-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Contract Monitoring Division. Developer hereby represents that prior to execution of this Lease, **(i)** Developer executed and submitted to the CMD Form CMD-12B-101 with supporting documentation, and **(ii)** the CMD approved such form.

(e) Incorporation of Administrative Code Provisions by Reference

The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Developer shall comply fully with and be bound by all of the provisions that apply to this Lease under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Developer understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of Fifty Dollars (\$50) for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Lease may be assessed against Developer and/or deducted from any payments due Developer.

50.5 MacBride Principles - Northern Ireland

The City and County of San Francisco urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1 et seq. The City and County of San Francisco also urges San Francisco companies to do business with

corporations that abide by the MacBride Principles. Developer acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

50.6 Tropical Hardwood and Virgin Redwood Ban

The City and County of San Francisco urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product. Except as expressly permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code, Developer shall not provide any items to the construction of Developer Improvements or the Alterations, or otherwise in the performance of this Lease which are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. In the event Developer fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Developer shall be liable for liquidated damages for each violation in any amount equal to Developer's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greater.

50.7 Restrictions on the Use of Pesticides

Chapter 3 of the San Francisco Environment Code (the Integrated Pest Management Program Ordinance or "IPM Ordinance") describes an integrated pest management ("IPM") policy to be implemented by all City departments. Developer shall not use or apply or allow the use or application of any pesticides on the Premises or contract with any party to provide pest abatement or control services to the Premises without first receiving Agency's written approval of an IPM plan that (i) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Developer may need to apply to the Premises during the term of this Lease, (ii) describes the steps Developer will take to meet the City's IPM Policy described in Section 300 of the IPM Ordinance and (iii) identifies, by name, title, address and telephone number, an individual to act as the Developer's primary IPM contact person with the City. Developer shall comply, and shall require all of Developer's contractors to comply, with the IPM plan approved by the City and shall comply with the requirements of Sections 300(d), 302, 304, 305(f), 305(g), and 306 of the IPM Ordinance, as if Developer were a City department. Among other matters, such provisions of the IPM Ordinance: (a) provide for the use of pesticides only as a last resort, (b) prohibit the use or application of pesticides on property owned by the City, except for pesticides granted an exemption under Section 303 of the IPM Ordinance (including pesticides included on the most current Reduced Risk Pesticide List compiled by City's Department of the Environment), (c) impose certain notice requirements, and (d) require Developer to keep certain records and to report to City all pesticide use at the Premises by Developer's staff or contractors.

If Developer or Developer's contractor will apply pesticides to outdoor areas at the Premises, Developer must first obtain a written recommendation from a person holding a valid Agricultural Pest Control Advisor license issued by the California Department of Pesticide Regulation ("CDPR") and any such pesticide application shall be made only by or under the supervision of a person holding a valid, CDPR-issued Qualified Applicator certificate or Qualified Applicator license. City's current Reduced Risk Pesticide List and additional details about pest management on City property can be found at the San Francisco Department of the Environment website, <http://sfenvironment.org/ipm>.

50.8 Sunshine Ordinance

In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors' bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between Agency and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.

50.9 Conflicts of Interest

Through its execution of this Lease, Developer acknowledges that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of said provisions, and agrees that if Developer becomes aware of any such fact during the term of this Lease Developer shall immediately notify Agency.

50.10 Prohibition of Tobacco Sales and Advertising

Developer acknowledges and agrees that no advertising or sale of cigarettes or tobacco products is allowed on the Premises. This advertising prohibition includes the placement of the name of a company producing, selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This advertising prohibition does not apply to any advertisement sponsored by a state, local, nonprofit or other entity designed to (a) communicate the health hazards of cigarettes and tobacco products, or (b) encourage people not to smoke or to stop smoking.

50.11 Prohibition of Alcoholic Beverage Advertising

Developer acknowledges and agrees that no advertising of alcoholic beverages is allowed on the Premises. For purposes of this section, "alcoholic beverage" shall be defined as set forth in California Business and Professions Code Section 23004, and shall not include cleaning solutions, medical supplies and other products and substances not intended for drinking. This advertising prohibition includes the placement of the name of a company producing, selling or distributing alcoholic beverages or the name of any alcoholic beverage in any promotion of any event or product. This advertising prohibition does not apply to any advertisement sponsored by a state, local, nonprofit or other entity designed to (a) communicate the health hazards of alcoholic beverages, (b) encourage people not to drink alcohol or to stop drinking alcohol, or (c) provide or publicize drug or alcohol treatment or rehabilitation services.

50.12 Requiring Health Benefits for Covered Employees

Unless exempt, Developer agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Lease as though fully set forth. The text of the HCAO is available on the web at <http://www.sfgov.org/olse/hcao>. Capitalized terms used in this Section and not defined in this Lease shall have the meanings assigned to such terms in Chapter 12Q.

(a) For each Covered Employee, Developer shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Developer chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

(b) Notwithstanding the above, if the Developer is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with subsection (a) above.

(c) Developer's failure to comply with the HCAO shall constitute a material breach of this Lease. City shall notify Developer if such a breach has occurred. If, within thirty (30) days after receiving City's written notice of a breach of this Lease for violating the HCAO, Developer fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty (30) days, Developer fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, Agency shall have the right to pursue the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to Agency.

(d) Any Subcontract entered into by Developer shall require the Subcontractor to comply with the requirements of the HCAO and shall contain

contractual obligations substantially the same as those set forth in this Section. Developer shall notify City's Purchasing Department when it enters into such a Subcontract and shall certify to the Purchasing Department that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Developer shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the Agency may pursue the remedies set forth in this Section against Developer based on the Subcontractor's failure to comply, provided that Agency has first provided Developer with notice and an opportunity to obtain a cure of the violation.

(e) Developer shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying Agency with regard to Developer's compliance or anticipated compliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(f) Developer represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(g) Developer shall keep itself informed of the current requirements of the HCAO.

(h) Developer shall provide reports to the Agency in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

(i) Developer shall provide Agency with access to records pertaining to compliance with HCAO after receiving a written request from Agency to do so and being provided at least five (5) business days to respond.

(j) Agency may conduct random audits of Developer to ascertain its compliance with HCAO. Developer agrees to cooperate with Agency when it conducts such audits.

(k) If Developer is exempt from the HCAO when this Lease is executed because its amount is less than Twenty-Five Thousand Dollars (\$25,000) (Fifty Thousand Dollars (\$50,000) for nonprofits), but Developer later enters into an agreement or agreements that cause Developer's aggregate amount of all agreements with the City to reach Seventy-Five Thousand Dollars (\$75,000), all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Developer and the Contracting Department to be equal to or greater than Seventy-Five Thousand Dollars (\$75,000) in the fiscal year.

50.13 Notification of Limitations on Contributions

Through its execution of this Lease, Developer acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the

selling or leasing of any land or building to or from the City whenever such transaction would require approval by a City elective officer, the board on which that City elective officer serves, or a board on which an appointee of that individual serves, from making any campaign contribution to (a) the City elective officer, (b) a candidate for the office held by such individual, or (c) a committee controlled by such individual or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Developer acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. Developer further acknowledges that the prohibition on contributions applies to each Developer; each member of Developer's board of directors, and Developer's chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Developer; any subcontractor listed in the contract; and any committee that is sponsored or controlled by Developer. Additionally, Developer acknowledges that Developer must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Developer further agrees to provide to Agency the name of each person, entity or committee described above.

50.14 Preservative-Treated Wood Containing Arsenic

Developer may not purchase preservative-treated wood products containing arsenic in the performance of this Lease unless an exemption from the requirements of Environment Code Chapter 13 is obtained from the Department of Environment under Section 1304 of the Environment Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniac copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Developer may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of Environment. This provision does not preclude Developer from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

50.15 Resource-Efficient City Buildings

Developer acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Sections 700 to 713 relating to green building requirements for the design, construction, and operation of buildings

owned or leased by City. Developer hereby agrees that it shall comply with all applicable provisions of such code sections.

50.16 Food Service Waste Reduction

Developer agrees to comply fully with and be bound by all of the applicable provisions of the Food Service Waste Reduction Ordinance, as set forth in the San Francisco Environment Code, Chapter 16, including the remedies provided therein, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Lease as though fully set forth herein. Accordingly, Developer acknowledges that City contractors and lessees may not use Disposable Food Service Ware that contains Polystyrene Foam in City Facilities and while performing under a City contract or lease, and shall instead use suitable Biodegradable/Compostable or Recyclable Disposable Food Service Ware. This provision is a material term of this Lease.

50.17 Bottled Drinking Water

Unless exempt, Developer agrees to comply fully with and be bound by all of the provisions of the San Francisco Bottled Water Ordinance, as set forth in San Francisco Environment Code Chapter 24, including the administrative fines, remedies, and implementing regulations provided therein, as the same may be amended from time to time. The provisions of Chapter 24 are incorporated herein by reference and made a part of this Lease as though fully set forth.

50.18 Criminal History in Hiring and Employment Decisions

(a) Unless exempt, Developer agrees to comply with and be bound by all of the provisions of San Francisco Administrative Code Chapter 12T (Criminal History in Hiring and Employment Decisions; “Chapter 12 T”), which are hereby incorporated as may be amended from time to time, with respect to applicants and employees of Developer who would be or are performing work at the Premises.

(b) Developer shall incorporate by reference the provisions of Chapter 12T in all subleases of some or all of the Premises, and shall require all subtenants to comply with such provisions. Developer’s failure to comply with the obligations in this subsection shall constitute a material breach of this Lease.

(c) Developer and subtenants shall not inquire about, require disclosure of, or if such information is received base an Adverse Action on an applicant’s or potential applicant for employment, or employee’s: (1) Arrest not leading to a Conviction, unless the Arrest is undergoing an active pending criminal investigation or trial that has not yet been resolved; (2) participation in or completion of a diversion or a deferral of judgment program; (3) a Conviction that has been judicially dismissed, expunged, voided, invalidated, or otherwise rendered inoperative; (4) a Conviction or any other adjudication in the juvenile justice system; (5) a Conviction that is more than seven years old, from the date of

sentencing; or (6) information pertaining to an offense other than a felony or misdemeanor, such as an infraction.

(d) Developer and subtenants shall not inquire about or require applicants, potential applicants for employment, or employees to disclose on any employment application the facts or details of any conviction history, unresolved arrest, or any matter identified in subsection (c) above. Developer and subtenants shall not require such disclosure or make such inquiry until either after the first live interview with the person, or after a conditional offer of employment.

(e) Developer and subtenants shall state in all solicitations or advertisements for employees that are reasonably likely to reach persons who are reasonably likely to seek employment with Developer or subtenant at the Premises, that the Developer or subtenant will consider for employment qualified applicants with criminal histories in a manner consistent with the requirements of Chapter 12T.

(f) Developer and subtenants shall post the notice prepared by the Office of Labor Standards Enforcement ("OLSE"), available on OLSE's website, in a conspicuous place at the Premises and at other workplaces within San Francisco where interviews for job opportunities at the Premises occur. The notice shall be posted in English, Spanish, Chinese, and any language spoken by at least 5% of the employees at the Premises or other workplace at which it is posted.

(g) Developer and subtenants understand and agree that upon any failure to comply with the requirements of Chapter 12T, the City shall have the right to pursue any rights or remedies available under Chapter 12T or this Lease, including but not limited to a penalty of \$50 for a second violation and \$100 for a subsequent violation for each employee, applicant or other person as to whom a violation occurred or continued, termination or suspension in whole or in part of this Lease.

(h) If Developer has any questions about the applicability of Chapter 12T, it may contact the City's Real Estate Division for additional information. City's Real Estate Division may consult with the Director of the City's Office of Contract Administration who may also grant a waiver, as set forth in Section 12T.8.

50.19 Local Hiring Policy for Improvements and Alterations

Any undefined, initially-capitalized term used in this Section shall have the meaning given to such term in San Francisco Administrative Code Section 6.22(G) (the "**Local Hiring Policy**"). The Improvements and any alterations are subject to the Local Hiring Policy unless the cost for such work on alterations is (i) estimated to be less than \$750,000 per building permit or (ii) meets any of the other exemptions in the Local Hiring Policy. Accordingly, as a condition of this Lease, Developer agrees that it shall comply with the requirements of the Local

Hiring Policy applicable to the Improvements or any alteration and shall require its subtenants to comply with those requirements to the extent applicable. Before starting any work on the Improvements or any alteration, Developer shall contact City's Office of Economic Workforce and Development ("**OEWD**") to verify if any Local Hiring Ordinance requirements apply to such work or alteration. Developer shall comply with all such applicable requirements. Developer's failure to comply with its obligations under this Section shall constitute a material breach of this Lease and may subject Developer and its subtenants to the consequences of noncompliance specified in the Local Hiring Policy, including but not limited to penalties. Without limiting the foregoing:

(a) For a Covered Project estimated to cost more than \$750,000, Developer and its subtenants shall comply with the applicable mandatory participation levels for Project Work Hours performed by Local Residents, Disadvantaged Workers, and Apprentices as set forth in San Francisco Administrative Code Section 6.22(G)(4).

(b) For a Covered Project estimated to cost more than \$1,000,000, Developer and its subtenants shall prepare and submit a local hiring plan to OEWD for approval as set forth in San Francisco Administrative Code Section 6.22(G)(6) prior to commencing any of the work subject to the Local Hiring Policy.

(c) Developer and its subtenants shall comply with the applicable record keeping and reporting requirements and shall cooperate in City inspections and audits for compliance with the Local Hiring Policy, including access to employees of its contractors and subcontractors and other witnesses at the Premises.

(d) Developer agrees that (i) Developer shall comply with all applicable requirements of the Local Hiring Policy; (ii) the provisions of the Local Hiring Policy are reasonable and achievable by Developer and its subtenants; and (iii) Developer has had, and its subtenants will have prior to signing their subleases for the Premises, a full and fair opportunity to review and understand the terms of the Local Hiring Policy.

21. The following attachments are hereby added to the Lease and by this reference incorporated herein:

Attachment 10 (Form of Annual Monitoring Report)
Attachment 11 (Tenant Selection Plan Policy)
Attachment 12 (MOHCD Tenant Screening Criteria Policy)
Attachment 13 (Operational Rules for San Francisco Housing Lotteries
and Rental Lease Up Activities)
Attachment 14 (Marketing and Tenant Selection Plan)
Attachment 15 (Sources and Uses)

22. Notwithstanding anything in the Lease to the contrary, except as expressly set forth in this Amendment, all other terms and conditions of the Lease shall remain in full force and effect. Any conflict between the terms and conditions of the Lease and those of this Amendment shall be resolved in favor of this Amendment.
23. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument.
24. The terms, covenants and conditions contained in this Amendment shall bind and inure to the benefit of the parties hereto and, except as otherwise provided herein, their successors and assigns.

[Signatures on following page(s)]

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this First Amendment to Ground Lease or caused this First Amendment to Ground Lease to be duly executed and delivered by its authorized representative as of the date first set forth above.

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
Olson M. Lee
Director, Mayor's Office of Housing
and Community Development

By: _____
John Updike
Director of Property

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: _____
Deputy City Attorney

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this First Amendment to Ground Lease or caused this First Amendment to Ground Lease to be duly executed and delivered by its authorized representative as of the date first set forth above.

DEVELOPER:

LAUREL GARDENS OF BETHEL A.M.E. CHURCH, L.P.,
a California limited partnership

By: Laurel Gardens of Bethel A.M.E. Church, Inc.,
a California nonprofit public benefit corporation,
its general partner

By: _____
Suniqa Thomas, Secretary

[END OF SIGNATURE PAGES]

Attachment 10
Form of Annual Monitoring Report

[To be attached]

Mayor's Office of Housing and Community Development
City and County of San Francisco



Edwin M. Lee
Mayor

Olson Lee
Director

February 16, 2016

Notice of Availability of 2015 Annual Monitoring Report Form
(including new audit requirements and deadline)

Announcement of Serious Incident Protocol

The Annual Monitoring Report (AMR) forms for Reporting Year 2015 (RY2015) are available. The forms can be downloaded from the [Asset Management page](#) of the MOHCD web site. A training on how to complete the AMR will be held at MOHCD on March 16 from 9 a.m. to 12 noon. See below for more information.

New Audit Requirement and Deadline: To provide sufficient time for sponsors to complete AMRs in accordance with the City's "New Audit Requirements for MOHCD-Funded Projects," the report is now due 5 months after the end of a project's business year. (Previously, it was due 4 months after.) For projects whose business year ended December 31, 2015, the report will be due on May 31, 2016. For projects not owned by a single-asset entity and whose financial activity is accounted for and audited with the parent corporation's finances, sponsors may request up to a one-month extension of the deadline to allow for additional time to complete consolidated audited financial statements in accordance with the new audit requirements.

Submissions for RY2015 and any outstanding reports from prior reporting years will be accepted only in the RY2015 format.

Completion and Submission Instructions

The AMR consists of the following 3 parts:

I. Project Activity Report – This is a Microsoft Excel spreadsheet that is comprised of the following worksheets:

- | | |
|------------------------------------|--|
| Instructions | 4. Narrative (new item for misc. exps. >\$10K) |
| 1A. Property & Residents (revised) | 5. Project Financing |
| 1B. Transitional Programs | 6. Services Funding (enhanced) |
| 1C. Eviction Data | 7. Supplementary Information Required by MOHCD (new) |
| 2. Fiscal Activity (revised) | Completeness Tracker (previously "Checklist") |
| 3. Occupancy & Rent Info | |

Provide all applicable information that is requested in worksheets 1-7. Use the Instructions to help you complete each form and the Completeness Tracker to help you to determine when each worksheet is complete and to compile all submittals required for the entire AMR.

Use Question #1 on the Narrative worksheet to explain any data that you provide that may be unclear or better understood with additional information. In addition, certain questions in this report prompt you to supply an explanation for your answers on the Narrative worksheet. *Failure*

1 South Van Ness Avenue, Fifth Floor, San Francisco, CA 94103
Phone: (415) 701-5500 Fax: (415) 701-5501 TDD: (415) 701-5503 www.sfgov.org/moh

to supply the required explanation will render your submission incomplete.

Submit this report as an Excel file only; do not convert it to pdf or another file type. Changing the format of the Project Activity Report without MOHCD's prior approval is not allowed. Do not overwrite any validations for any of the cells, alter any formulas or add or delete any rows or columns. If you need to revise the form in order to successfully complete the report, submit a request to moh.amr@sfgov.org.

II. Owner Compliance Certification Form and Documentation of Insurance – The certification form is a Microsoft Word document that must be completed, signed and dated by the Executive Director (or other authorized officer of the entity that owns the project). Scan the form along with documentation of insurance and email it to MOHCD as a single document. *For each project, you must provide current certificates of liability insurance and property insurance.*

III. Audited Financial Statements – Provide financial statements for the project for Reporting Year 2015. They must be prepared by a certified public accountant in accordance with generally accepted accounting principles, applicable regulations and laws and with the City's "New Audit Requirements for MOHCD-Funded Projects" a copy of which is attached and posted on [MOHCD's Asset Management web page](#). If the project is owned by a single asset entity, provide separate financial statements just for the project, otherwise provide audited statements for the parent corporation. Also include copies of any Management Letters and special notes from the auditor that pertain to the property and the financial statements.

Completed AMRs must be submitted electronically, via one email message per project to moh.amr@sfgov.org, or if desired, for multiple projects, via flash drive or compact disc sent to Mike McLoone at MOHCD. If the documents that comprise the report are too large to attach to a single email, compress the files into a zip file and attach it to the email.

Updates to the Reporting Form

The RY2015 AMR form has been revised from the form for RY2014, as follows:

- Formatting and Content – The formatting in key parts of the report has been improved, and redundant and unnecessary content has been eliminated.
- The Checklist has been revised, renamed "Completeness Tracker" and is now the final sheet in the workbook.
- Worksheet 1A – The number of categories under "Target/Actual Populations" has been reduced.
- Worksheet 2 – A new line item titled "Capital Maintenance Repairs/Improvements" has been added to the expense section to account for capital costs that were paid out of the operating account and may be reimbursed by the Replacement Reserve. The "Reserve Account Details" section has been revised to improve functionality. The section for cash flow "waterfall" (distribution of Surplus Cash) has been simplified and now requires the user to enter the distribution priority as well as the amount of any Residual Receipts loan payment that is due to MOHCD, which previously was auto-calculated.
- Worksheet 6 – Has been enhanced so that supportive services that are selected on Worksheet 1A are auto-filled into Worksheet 6
- Worksheet 4 – New section added where reporters must provide the details of miscellaneous administrative and maintenance expenditures that exceed \$10,000
- Worksheet 7 – This new worksheet has been added in connection with the City's "New Audit Requirements for MOHCD-Funded Projects." Most fields on this sheet are auto-filled with data that is entered on Worksheet 2. Printouts of this sheet may be used to produce the "Supplementary Information Required by MOHCD" that must now be included in the project's audited financial statements. If the auditor elects to use this sheet for this purpose, some data entry on the sheet is required in the yellow-highlighted cells.

AMR Training – March 16, 9am-12noon

To facilitate completion of the AMR by project sponsors, MOHCD will conduct a training on March 16 from 9 a.m. to 12 noon in our office at 1 South Van Ness Avenue, 5th Floor, Room 5080. We strongly encourage the primary staff person responsible for completion of the report to attend. Space is limited. Please RSVP to Ricky Lam at ricky.lam@sfgov.org or 415-701-5542.

Serious Incident Protocol

To ensure that MOHCD is kept informed of serious incidents that occur at projects financed by this office, we have established the following protocol for reporting serious, negative events such as accidents, criminal activity or equipment failure. The report should be filed only after emergency procedures have been followed and the situation has been stabilized.

The Mayor's Office of Housing and Community Development requests that owners of projects financed by this office notify us immediately if a serious incident occurs at their properties and meets one or more of the following parameters:

- Involves serious injury or death
- Is a serious, violent crime that involves a major police action (e.g. shooting)
- Causes the building or a significant number of units to be off-line
- Requires a resident to move out of a unit one month or longer
- Damage to the building is significant enough to require the use of reserves

The owner should notify the MOHCD asset manager assigned to the project and provide the following information:

- The date of the incident
- A description of the incident
- A description of what has been and is being done in response
- The name, phone and email of the staff that should be contacted if there are questions
- Confirmation that 1) the property insurance is current and 2) the insurance company has been contacted; a brief summary of their response, if available
- Statement of whether or not the organization plans to use the project's reserves to pay for corrective action

Available Units and Waiting List Openings

Before advertising the availability of units for lease in a project or the opening of the waiting list, owners and property managers must notify MOHCD of this action by completing a Marketing Plan Template and submitting it to the assigned staff person on MOHCD's asset management and compliance monitoring team. The template is available on the [Asset Management page](#) of our web site. Once the marketing plan is approved, MOHCD will post information about the available units or opening of the wait list on this [page of our web site](#). General information for people seeking affordable housing in San Francisco can also be found on our web site at [this location](#).

**Annual Monitoring Report - Property & Residents - Reporting Year 2015 -
Mayor's Office of Housing & Community Development**

#	IDENTIFYING INFO	
1		Reporting Period Start Date (m/d/yyyy)
2		Reporting Period End Date (m/d/yyyy)
3		Property Name
4		Property Full Street Address (e.g. "123 Main Street")
CONTACT INFO		
5		Sponsor Executive Director Name
6		Sponsor Executive Director Phone Number
7		Sponsor Executive Director E-mail
8		Property Management Company
9		Property Manager Name
10		Property Manager Phone Number
11		Property Manager E-mail
12		Property Supervisor Name
13		Property Supervisor Phone Number
14		Property Supervisor E-mail
15		Property Owner Name
16		Property Owner Contact Person
17		Property Owner Contact Phone Number
18		Property Owner Contact E-mail
19		Property Asset Manager Name
20		Property Asset Manager Phone Number
21		Property Asset Manager E-mail
22		AMR Preparer's Name
23		AMR Preparer's Phone Number
24		AMR Preparer's E-mail

PROPERTY INFO

What is the Unit Mix for the Property? Please include any manager's units in this tally. For Transitional Housing, Residential Treatment Program, Shelter or Transitional Group Homes, please skip Questions 25-32, and continue with Question 33. Please also complete the worksheet titled "1B. Transitional Programs Only."

	Unit Types	Number Of Units	Occupancy Standard: Minimum HH Size for this Unit Type*	Occupancy Standard: Maximum HH Size for this Unit Type*	*Occupancy Standards should be described in project's Approved Tenant Selection and Marketing Plan. If not defined there, supply the standards used organization-wide.
25	Single Room Occupancy (SRO) Units		1		You MUST provide Min AND Max Occupancy Standards for any Unit Types where Number of Units entered is >0; data entry is required for any cells in Cols J & K that are blank and have no shading.
26	Studio Units		1		
27	One-Bedroom (1BR) Units		1		
28	Two-Bedroom (2BR) Units				
29	Three-Bedroom (3BR) Units				
30	Four-Bedroom (4BR) Units				
31	Five- or More (5+BR) Bedroom Units				
32	TOTAL # Units---->	0			
33		What is the date of the last Capital Needs Assessment? (m/d/yyyy)			
34		What is the projected date of the next Capital Needs Assessment? (m/d/yyyy)			
35		# 2	How many Health, Building or Housing Code Violations were issued against the property in the reporting year? (If there were no violations enter "0"). If the property was cited for code violations in the reporting year or has open, unresolved violations from prior years as indicated below, you must answer Question #2 on the Narrative worksheet. (Click on #2 at left to jump to Narrative worksheet.)		
36		How many Health, Building or Housing Code Violations were open from <i>prior</i> years?			
37		How many Health, Building or Housing Code Violations were cleared in the reporting year?			
38		# 3	Are there urgent Major Property Repairs needed on the property in the next two years? (Yes/No) If there are needed major repairs you must answer Question #3 on the Narrative worksheet. (Click on #3 at left to jump to Narrative worksheet.)		

39		<p># 3</p> <p>If the property has Immediate Capital Needs and lacks adequate funds in the Replacement Reserve (or elsewhere) to cover the costs, please supply the amount of funds needed to make up the difference, and supply additional explanation in question #3 of the Narrative report. (Click on # 3 at left to jump to Narrative worksheet.)</p>
40		As of the last day of the reporting period, how many units were fully Accessible to Physically Impaired Tenants?
41		As of the last day of the reporting period, how many units were Adaptable for Physically Impaired Tenants?
42		As of the last day of the reporting period, how many units were fully Accessible to Visually Impaired Tenants?
43		As of the last day of the reporting period, how many units were fully Accessible to Hearing Impaired Tenants?
<p>Resident Services: AN ANSWER IS REQUIRED FOR questions 44-54. Indicate below any services that were available to the residents free of charge, on site or at another designated location within 1/4 mile of the project. You must also provide additional information about each of the marked services below on Worksheet "6. Services Funding."</p>		
44		<p>After School Program/s (y/n)</p> <p style="font-size: small; color: blue;">Go To W56</p>
45		<p>Licensed Day Care Service (<i>participant fees are allowable for day care ONLY</i>) (y/n)</p> <p style="font-size: small; color: blue;">Go To W56</p>
46		<p>Youth Program/s (y/n)</p> <p style="font-size: small; color: blue;">Go To W56</p>
47		<p>Educational Classes (e.g. basic skills, computer training, ESL) (y/n)</p> <p style="font-size: small; color: blue;">Go To W56</p>
48		<p>Health and Wellness Services/Programs (y/n)</p> <p style="font-size: small; color: blue;">Go To W56</p>
49		<p>Employment Services (y/n)</p> <p style="font-size: small; color: blue;">Go To W56</p>
50		<p>Case Management, Information and Referrals (y/n)</p> <p style="font-size: small; color: blue;">Go To W56</p>
51		<p>Benefits Assistance and Advocacy; Money Management; Financial Literacy and Counseling (y/n)</p> <p style="font-size: small; color: blue;">Go To W56</p>
52		<p>Support Groups, Social Events, Organized Tenant Activities (y/n)</p> <p style="font-size: small; color: blue;">Go To W56</p>
53		<p>Other Service #1 - Please specify in column G.</p> <p style="font-size: small; color: blue;">Go To W56</p>

54		<p style="color: blue; font-size: small;">Go To WSE6</p> <p>Other Service #2 - Please specify in column G.</p>
55		<p>Is the project any of the following: Transitional Housing, Residential Treatment Program, Shelter or Transitional Group Home? (select "yes" or "no" from the drop-down menu to the left.) If you answer "yes", skip the next 6 questions below (56 thru 61). Instead, you must complete worksheet "1B. Transitional Programs Only."</p>
56		<p>Vacancies - How many vacancies occurred at the project during the reporting period? (Be sure that the number you report here is not less than the number of vacant units that are included on worksheet 3.)</p>
57	0	<p>Evictions - How many evictions occurred during the reporting year? (This data in this field is automatically calculated from the data that is entered on worksheet 1C. You must complete worksheet 1C, unless the project is transitional housing, a residential treatment program, a shelter or a transitional group home.)</p>
58		<p>Vacant Unit Rent-Up Time - (<i>in DAYS</i>) State the average vacant unit rent-up time. This is the period from the time a household moves out to when the unit is rented again. If this period exceeds 30 days, you must answer Question # 4 on the Narrative worksheet. (Click on # 4 at left to jump to Narrative worksheet.)</p>
59		<p>Waiting List - How many applicants are currently on the waiting list?</p>
60		<p>When was the waiting list last updated? (m/yyyy)</p>
61		<p>Affirmative Marketing - Did you conduct any marketing of the project during the reporting period? If you conducted marketing during the reporting period, you must answer Question #5 on the Narrative worksheet. (Click on #5 at left to jump to Narrative worksheet.)</p>

POPULATION SERVED

Target / Actual Populations: As of the last day of the reporting period, what are the Actual and Target Populations (expressed as Number of Households) for the Project?

Under Target Population, enter the number of units at the project that, as a requirement of a specific funding source (e.g. 202, HOPWA, McKinney), are targeted to and set aside for the target populations shown in the table. Under Actual Population, enter the number of households at the project that, as of the end of the reporting period, contained at least one person who is a member of the populations shown in the table.

		Target Population		Actual Population	
62		0	Families	0	Families
63		0	Persons with HIV/AIDS	0	Persons with HIV/AIDS
64		0	Housing for Homeless	0	Housing for Homeless
65		0	Mentally or Physically Disabled	0	Mentally or Physically Disabled
66		0	Senior Housing	0	Senior Housing
67		0	Substance Abuse	0	Substance Abuse
68		0	Domestic Violence Survivor	0	Domestic Violence Survivor
69		0	Veterans	0	Veterans
70		0	Formerly Incarcerated	0	Formerly Incarcerated
71		0	Transition-Aged Youth ("TAY")	0	Transition-Aged Youth ("TAY")

Household Size: As of the last day of the reporting period, supply the number of Households in the Project for each Household size below. DO NOT LEAVE CELLS BLANK - ENTER ZERO INSTEAD.

72		(1) One Person Household
73		(2) Two Person Household
74		(3) Three Person Household
75		(4) Four Person Household
76		(5) Five Person Household
77		(6) Six Person Household
78		(7+) Seven or more Person Household
79	0	TOTAL Households
80	0	TOTAL Residents

Head of Household Race/Ethnicity: As of the last day of the reporting period, enter the numbers of Heads of Households of the following listed ethnicities. The total in row 89 (cell G111) must be the same as the total shown in row 79 (cell G100). DO NOT LEAVE CELLS BLANK - ENTER ZERO INSTEAD.

81		Latino or Hispanic
82		American Indian or Alaskan Native
83		Asian
84		Black or African American
85		Native Hawaiian or Other Pacific Islander
86		White
87		Other
88		Unknown
89	0	TOTAL - must match Total Households above
90		As of the last day of the reporting period, how many Elderly Households resided at the property? (An <i>Elderly Household</i> is one with a Head of Household at least 62 years of age.)
91		As of the last day of the reporting period, how many Female-Headed Households resided at the property? (A <i>Female-headed Household</i> is one with a woman as the head of household - either alone or with one or more children.)
92		As of the last day of the reporting period, of the total population, how many CHILDREN (younger than 18 years of age) reside at the property?
93		As of the last day of the reporting period, how many units were occupied by tenants with physical, visual or hearing impairment ?

Remember, SAVE YOUR WORK!

Annual Monitoring Report - Transitional Programs - Reporting Year 2015 - Mayor's Office of Housing & Community Development

Project Address:

Project Capacity: What is the target capacity of this project? (All blanks in this section must be filled with a number of "0" or greater in order for the worksheet to be complete.)

	A. Num Singles Not in Families	B. Num Families	C1. Num Adults in Families	C2. Num Children in Families	D. Num of Beds
1					
2	0				
	Total Households (Singles and Families) That Can Be Served				

Persons Served During Operating Year (All blanks in this section must be filled with a number of "0" or greater in order for the worksheet to be complete.)

	A. Num Singles Not in Families	B. Num Families	C1. Num Adults in Families	C2. Num Children in Families
3				
4				
5	0			
	Total Households (Singles and Families) Served			
6				
7	0	0	0	0
8	0			
	Total Households in program on the last day of the operating year			
9	<-Capacity Utilization Rate (by Household as of last Day of Operating Year)			

If the Capacity Utilization Rate is **LESS than 75%** you must respond to the following:

10	1. Explain the reason(s) why the capacity utilization rate is as low as it is; and
11	2. Describe plan/s to raise the capacity utilization rate to at least 75%, with specific timeline.

Length of Stay: For the 0 households that LEFT the program during the operating year, how many were in the project for the following lengths of time? (Total in cell H27 should match total of cells H13 + I13. All blanks in this section must be filled with a number of "0" or greater in order for the worksheet to be complete.)

12	Less than 1 month
13	1 to 2 months
14	3 - 6 months
15	7 months -12 months
16	13 months - 24 months
17	25 months - 3 years
18	0
	TOTAL # HH's that left the program

Destination: For the 0 households reported to have LEFT the program during the operating year, how many left for the following destinations? (Total in cell H52 should match total of cells H13 + I13. All blanks in this section must be filled with a number of "0" or greater in order for the worksheet to be complete.)

19	Rental - House or Apartment (no subsidy)	PERMANENT
20	Public Housing	
21	Section 8 Voucher	
22	Subsidized Rental - house or apartment	
23	Homeownership	
24	Moved in with family or friends	TRANSITIONAL
25	0	
	Permanent Housing Subtotal	
26	Transitional Housing for homeless persons	TRANSITIONAL
27	Moved in with family or friends <i>TEMPORARILY</i>	
28	0	
	Transitional Housing Subtotal	
29	Psychiatric hospital	INSTITUTIONAL
30	Inpatient alcohol or other drug treatment facility	
31	Jail/Prison	
32	Medical Facility	
33	0	
	Institutional Subtotal	
34	Emergency Shelter	OTHER
35	Places not meant for human habitation (e.g. street)	
36	Unknown	
37	Other	
38	0	
	Other Subtotal	
39	0	
	TOTAL # HH's that left the program	

Annual Monitoring Report - Eviction Data - Reporting Year 2015 - Mayor's Office of Housing & Community Development

Project Address:

This section of the AMR must be completed for all projects, except for transitional housing or residential treatment services.

You MUST answer every question (i.e., enter zero if applicable).

Number of households who lived in the project during the reporting period:

1 Number of households who lived in the project during the **ENTIRE** reporting period. Be sure to include all new households that moved in during the reporting period.

Number of households in the project who received Notices of Eviction during the reporting period for each of the following reasons:

(If more than one reason applies to a household, report only the primary reason.)

2	Breach of Lease Agreement
3	Capital Improvement
4	Condo Conversion
5	Demolition
6	Denial of Access to Unit
7	Development Agreement
8	Ellis Act Withdrawal
9	Failure to Sign Lease Renewal
10	Good Samaritan Tenancy Ends
11	Habitual Late Payment of Rent
12	Illegal Use of Unit
13	Lead Remediation
14	Non-payment of Rent
15	Nuisance
16	Other
17	Owner Move In
18	Roommate Living in Same Unit
19	Substantial Rehabilitation
20	Unapproved Subtenant
21	0 Total number of households who received Notices of Eviction

Number of unlawful detainer actions filed in court by the owner against tenants in the project during the reporting period for each of the following reasons:

(If more than one reason applies to a household, report only the primary reason.)

22	Breach of Lease Agreement
23	Capital Improvement
24	Condo Conversion
25	Demolition
26	Denial of Access to Unit
27	Development Agreement
28	Ellis Act Withdrawal
29	Failure to Sign Lease Renewal
30	Good Samaritan Tenancy Ends
31	Habitual Late Payment of Rent
32	Illegal Use of Unit
33	Lead Remediation
34	Non-payment of Rent
35	Nuisance
36	Other
37	Owner Move In
38	Roommate Living in Same Unit
39	Substantial Rehabilitation
40	Unapproved Subtenant
41	0 Total number of unlawful detainer actions filed

Number of households evicted from the project during the reporting period for the each of the following reasons:

(If more than one reason applies to a household, report only the primary reason.)

42	Breach of Lease Agreement
43	Capital Improvement
44	Condo Conversion
45	Demolition
46	Denial of Access to Unit
47	Development Agreement
48	Ellis Act Withdrawal
49	Failure to Sign Lease Renewal
50	Good Samaritan Tenancy Ends
51	Habitual Late Payment of Rent
52	Illegal Use of Unit
53	Lead Remediation
54	Non-payment of Rent
55	Nuisance
56	Other
57	Owner Move In
58	Roommate Living in Same Unit
59	Substantial Rehabilitation
60	Unapproved Subtenant
61	0 Total number of households evicted (total also used to answer question #54 on Worksheet 1A)

	B	C	D	E	F
13	Annual Monitoring Report - Fiscal Activity - Reporting Year 2015 - Mayor's Office of Housing & Community Development				
14	INCOME & EXPENSES				
15	12 Month Report Period	Start Date:	1/0/1900	End Date:	1/0/1900
16	Number of Units-->				
17		Account			
18	Description of Income Accounts	Number	Residential	Non-Residential	Total
19					
20	Rental Income				
21	Housing Units - Gross Potential Tenant Rents	5120			
22	Rental Assistance Payments (Identify ALL sources in row below if applicable, including LOSP funding)	5121			
23	Source/s-->				
24	Commercial Unit Rents	5140			
25	sub-total Gross Rental Income:		\$0.00	\$0.00	\$0.00
26	Vacancy Loss - enter amounts as negative numbers!				vacancy rate
27	Housing Units	5220		Must click & explain if Residential Vac Rate is > 15%	0.00%
28	Commercial	5240			0.00%
29	sub-total Vacancies:		\$0.00	\$0.00	\$0.00
30					
31	NET RENTAL INCOME:		\$0.00	\$0.00	\$0.00
32					
33	Other Income				
34	Garage and Parking Spaces	5170			
35	Miscellaneous Rent Income	5190			
36	Supportive Services Income - Do not enter supportive services income if it is tracked in a separate budget and not appropriate per MOHCD loan terms to be included in Residual Receipts calculation.	5300			
37	Supportive Services Income Source/s- identify program source(s) if applicable -->				
38	Interest Income - Project Operations	5400			
39	Laundry and Vending	5910			
40	Tenant Charges	5920			
41	Other Revenue	5990			
42	sub-total Other Income Received:		\$0.00	\$0.00	\$0.00
43					
44	TOTAL INCOME RECEIVED:		\$0.00	\$0.00	\$0.00
45					
46	INCOME & EXPENSES				
47					
48	Description of Expense Accounts	Account	Residential	Non-Residential	Total
49	Management				
50	Management Fee	6320			
51	Above the Line* Asset Management Fee (amount allowable may be limited, see Asset Mgt. Fee Policy)				
52	sub-total Management Expense:		\$0.00	\$0.00	\$0.00
53	Salaries/Benefits				
54	Office Salaries	6310			
55	Manager's Salary	6330			
56	Employee Benefits: Health Insurance & Disability Insurance	6723			
57	Employee Benefits: Retirement & Other Salary/Benefit Expenses				
58	Administrative Rent Free Unit	6331			
59	sub-total Salary/Benefit Expense:		\$0.00	\$0.00	\$0.00
60	Administration				
61	Advertising and Marketing	6210			
62	Office Expenses	6311			
63	Office Rent	6312			
64	Legal Expense - Property	6340			
65	Audit Expense	6350			
66	Bookkeeping/Accounting Services	6351			
67	Bad Debts	6370			
68	Miscellaneous Administrative Expenses (must click & explain if >\$10k)	6390			
69	sub-total Administrative Expense:		\$0.00	\$0.00	\$0.00
70	Utilities				
71	Electricity	6450			
72	Water	6451			
73	Gas	6452			
74	Sewer	6453			
75	sub-total Utilities Expense:		\$0.00	\$0.00	\$0.00
76	Taxes and Licenses				
77	Real Estate Taxes	6710			
78	Payroll taxes	6711			
79	Miscellaneous Taxes, Licenses, and Permits	6790			
80	sub-total Taxes and License Expense:		\$0.00	\$0.00	\$0.00
81	Insurance				
82	Property and Liability Insurance	6720			
83	Fidelity Bond Insurance	6721			
84	Workers' Compensation	6722			
85	Directors & Officers Liabilities Insurance	6724			
86	sub-total Insurance Expense:		\$0.00	\$0.00	\$0.00
87	Maintenance and Repairs				
88	IMPORTANT NOTE RE: TREATMENT OF CAPITAL AND NON-CAPITAL MAINTENANCE REPAIR EXPENSES ELIGIBLE FOR PAYMENT BY REPLACEMENT RESERVE: If possible, exclude those from this section. If you do include those expenses here, be sure to record the amounts in rows 101 and 217-222 below.				
89	Payroll	6510			
90	Supplies	6515			
91	Contracts	6520			
92	Garbage and Trash Removal	6525			
93	Security Payroll/Contract	6530			
94	HVAC Repairs and Maintenance	6546			
95	Vehicle and Maintenance Equipment Operation and Repairs	6570			
96	Miscellaneous Operating and Maintenance Expenses (must click & explain if >\$10k)	6590			
97	sub-total Maintenance Repair Expense:		\$0.00	\$0.00	\$0.00
98	Supportive Services: do not enter supportive services expenses if tracked in separate budget and not eligible to be counted against project income for residual receipts calculation.	6900			
99	SUB-TOTAL OPERATING EXPENSES:		\$0.00	\$0.00	\$0.00
100	Capital Maintenance Repair Expenses eligible for payment by Replacement Reserve. If capital costs were entered in amounts for Maintenance & Repairs section above and is eligible for payment by the Replacement Reserve, please enter details in Replacement Reserve-Eligible Expenditures below. Details provided below will be linked to cell D100.		\$0.00		
101	Non-Capital Maintenance Repair Expenses eligible for payment by Replacement Reserve. Only enter amounts here if they were included in amounts entered for Maintenance & Repairs section above and will be reimbursed by Replacement Reserve. Enter as positive number.				
102	TOTAL OPERATING EXPENSES:		\$0.00	\$0.00	\$0.00
103					
104		Acct Num	Residential	Non-Residential	Total
105	1. TOTAL INCOME RECEIVED:		\$0.00	\$0.00	\$0.00
106	2. TOTAL OPERATING EXPENSES:		\$0.00	\$0.00	\$0.00
107	3. NET OPERATING INCOME:		\$0.00	\$0.00	\$0.00

	B	C	D	E	F
13	Annual Monitoring Report - Fiscal Activity - Reporting Year 2015 - Mayor's Office of Housing & Community Development				
108					
109	4. Ground Lease Base Rent & Debt Service (Principal and Interest)	Name of Lessor or Lender / Describe Other Amt Paid	Residential	Non-Residential	Total
110	Ground Lease - Base Rent (provide Lessor name to the right)				
111	Lender1 - Principal Paid (provide lender name to the right)				
112	Interest Paid				
113	Other Amount (describe to the right)				
114	Lender2 - Principal Paid (provide lender name to the right)				
115	Interest Paid				
116	Other Amount (describe to the right)				
117	Lender3 - Principal Paid (provide lender name to the right)				
118	Interest Paid				
119	Other Amount (describe to the right)				
120	Lender4 - Principal Paid (provide lender name to the right)				
121	Interest Paid				
122	Other Amount (describe to the right)				
123	Total Ground Lease Base Rent + Debt Service Payments		\$0.00	\$0.00	\$0.00
124					
125	5. Reserve Account Activity				
126	Replacement Reserve Required Annual Deposit	1320			\$0.00
127	Operating Reserve Deposits	1365			\$0.00
128	Operating Reserve Account Withdrawals				\$0.00
129	Other Required Reserve Account Deposits (Identify account in next col) (1330)	-type rsrv acct name here-			\$0.00
130	Other Required Reserve Account Withdrawals - Identify account in next col ---->	-type rsrv acct name here-			\$0.00
131	Net Reserve Activity:		\$0.00	\$0.00	\$0.00
132					
133	Surplus Cash, Detail (NOI minus Debt Service and Reserve Activity)		\$0.00	\$0.00	\$0.00
134					
135	If amount for Surplus Cash above is negative: - you must provide a detailed explanation to question #7 on the Narrative worksheet - you must NOT supply data for any of the fields for Uses of Surplus Cash below		Go to ws4 Narrative question #8		
136	Surplus Cash, Total				\$0.00
137	REFER TO THE PROJECT'S SURPLUS CASH FLOW "WATERFALL" (IF APPLICABLE) PRIOR TO COMPLETING SECTION BELOW				
138	USES OF SURPLUS CASH THAT ARE AUTHORIZED TO BE PAID PRIOR TO CALCULATION OF MOHCD DEBT PAYMENT (IF APPLICABLE)				
139	6. Operating Reserve Replenishments (Deposits made out of surplus cash to satisfy minimum balance requirements).				
140	7. "Below-the-line" Asset Mgt fee (prior written authorization from City/SFRA may be required; see Asset Mgt. Fee Policy).				
141	8. Ground Lease & related payments, if any				
142	9a. Partnership Management fee due from this reporting period, if any (tax credit projects only; not allowed if project is beyond 15-year compliance period).				
143	9b. Partnership Management fee accrued but unpaid from PRIOR reporting periods, if any (tax credit projects only; per City policy, not allowed if project is beyond 15-year compliance period).				
144	10a. Investor Services Fee (aka LP Asset Management Fee) due from this reporting period, if any (tax credit projects only; per City policy, not allowed if project is beyond 15-year compliance period).				
145	10b. Investor Services Fee (aka LP Asset Management Fee) accrued but unpaid from PRIOR reporting periods, if any (tax credit projects only; per City policy, not allowed if project is beyond 15-year compliance period).				
146	11. Deferred Developer fee, if any				
147	12. Other payments: use question #1 on the Narrative (worksheet #4) to provide details about any fees or other payments included here. Failure to provide details will result in disallowance of this expense. You may only include payments that were approved by MOHCD at time of funding that are also explicitly authorized by a Partnership Agreement or similar project document.	Lender Name for Debt Service payments entered below			
148	13ai. Debt Pmt to other lender1: Principal Paid (note lender name to right)				
149	13aii. Debt Pmt to other lender1: Interest Paid				
150	13bi. Debt Pmt to other lender2: Principal Paid (note lender name to right)				
151	13bii. Debt Pmt to other lender2: Interest Paid				
152	13ci. Debt Pmt to other lender3: Principal Paid (note lender name to right)				
153	13cii. Debt Pmt to other lender3: Interest Paid				
154	13di. Debt Pmt to other lender4: Principal Paid (note lender name to right)				
155	13dii. Debt Pmt to other lender4: Interest Paid				
156	Total Payments preceding MOHCD on Surplus Cash waterfall				\$0.00
157					
158	14. RESIDUAL RECEIPTS				\$0.00
159					
160	PROPOSED USE OF RESIDUAL RECEIPTS				
161	14a. Is This Project Obligated to make Repayments on any MOHCD loans out of Residual Receipts? (enter yes or no in cell to the right)				
162	-- Residual Receipts Obligation Calculation (if applicable) --				
163	14b. 1/2 of Residual Receipts (14)				
164	14c. \$500 per unit				
165	14d. Allowable Distribution (lesser of 14b & 14c)				
166	14e. Net Residual Receipts Amount Due (14 - 14d)				
167	15. PROPOSED RESIDUAL RECEIPTS PAYMENT TO MOHCD			Proposed Amount:	
168	It may be acceptable for the Proposed Residual Receipts Payment to MOHCD noted on line 15 to be less than the amount calculated for line 14e. You must supply a detailed explanation in the cell to the right if 15 is not equal to 14e ----->				
169	DO NOT SUBMIT YOUR PROPOSED RESIDUAL RECEIPT PAYMENT TO MOHCD WITH THIS AMR. MOHCD WILL REVIEW YOUR PROPOSED PAYMENT AND GENERATE AN INVOICE IF THE CALCULATION CAN BE VERIFIED AS APPROPRIATE; IF THE CALCULATION CANNOT BE VERIFIED, MOHCD WILL CONTACT YOU.				
170	Remaining Balance If MOHCD Payment Amount is Accepted				\$0.00

	B	C	D	E	F
13	Annual Monitoring Report - Fiscal Activity - Reporting Year 2015 - Mayor's Office of Housing & Community Development				
171	USES OF SURPLUS CASH THAT ARE AUTHORIZED TO BE PAID AFTER CALCULATION OF MOHCD DEBT PAYMENT (IF APPLICABLE)				
172	16. "Below-the-line" Asset Mgt fee (prior written authorization from City/SFRA may be required, see Asset Mgt. Fee Policy).				
173	17. Ground Lease & related payments, if any				
174	18a. Partnership Management fee due from this reporting period, if any (tax credit projects only, per City policy, not allowed if project is beyond 15-year compliance period).				
175	18b. Partnership Management fee accrued but unpaid from PRIOR reporting periods, if any (tax credit projects only, not allowed if project is beyond 15-year compliance period).				
176	19a. Investor Services Fee (aka LP Asset Management Fee) due from this reporting period, if any (tax credit projects only, not allowed if project is beyond 15-year compliance period).				
177	19b. Investor Services Fee (aka LP Asset Management Fee) accrued but unpaid from PRIOR reporting periods, if any (tax credit projects only, per City policy, not allowed if project is beyond 15-year compliance period).				
178	20. Deferred Developer fee, if any				
179	21. Other payments: use question #1 on the Narrative (worksheet #4) to provide details about any fees or other payments included here. Failure to provide details will result in disallowance of expense. You may only include payments that were approved by MOHCD at time of funding that are also explicitly authorized by a Partnership Agreement or similar project document.	Lender Name for Debt Service payments entered below			
180	22a. Debt Pmt to other lender6: Principal Paid (note lender name to right)				
181	22a. Debt Pmt to other lender6: Interest Paid				
182	22b. Debt Pmt to other lender7: Principal Paid (note lender name to right)				
183	22b. Debt Pmt to other lender7: Interest Paid				
184	Total Payments below MOHCD on Surplus Cash "waterfall"				\$0.00
185					
186	Subtotal of Remaining Balance ----->				\$0.00
187	Proposed Owner Distributions (provide description in column C and enter amount in column F; description required if amount is greater than amount in 14d)				
188	Proposed Other Distributions/Uses (provide description in column C and enter amount in column F; if you had a Calendar Year LOSP surplus, please acknowledge that and note exact amount.)				
189					
190	Final Balance: should be ZERO except when Surplus Cash (cell F135) is negative				\$0.00
191					
192					
193					
194	RESERVE ACCOUNT DETAILS				
195	OPERATING RESERVE (Do not leave blanks for any questions asking for a number, enter zero instead.)				
197	Minimum Required Balance:				
198	Beginning Balance:				
199	Actual Annual Deposit (don't edit - taken from page 1 account number 1365):			\$0.00	
200	Annual Withdrawal Amount:				
201	Ending Balance:				
202	Required Annual Deposit:				
203	Total Operating Expenses plus debt service (don't edit cell -- calculated)			\$0.00	
204	If the calculated percentage shown to the right (Op Reserve Account Ending Balance divided by Total Op Expenses) is less than 23.5%, you must describe how the project will remedy the shortfall in the adjacent cell.				
205	If the calculated percentage shown to the right is greater than 26.5%, you must explain why the Op Reserve balance exceeds MOHCD's requirement in the adjacent cell.	0.000%			
206	REPLACEMENT RESERVE (Do not leave blanks for any questions asking for a number, enter zero instead.)				
207	Minimum Required Balance:				
208	Beginning Balance:				
209	Actual Annual Deposit				
210	Annual Withdrawal Amount:				
211	Ending Balance:				
212	Required Annual Deposit (do not edit - taken from page 1 account number 1320):			\$0.00	
213	Describe how the amount of annual deposit and the minimum required balance is determined.				
214	Replacement Reserve-Eligible Expenditures: provide details below about the Capital and non-Capital Expenditures that are Replacement Reserve-eligible.				
215	Capital Expenditures: enter details to generate the total, use the comments section to supply explanations.				
216	Capital Expenditures - Categories	Additional Description	Source (required)		Amount
217	Building & Improvements				
218	Offsite Improvements				
219	Site Improvements				
220	Land Improvements				
221	Furniture, Fixtures & Equipment				
222	Other				
223	Notes About Capital Expenditures			Total	\$0.00
224					
225	Non-Capital Replacement Reserve Eligible Expenditures (i.e., labor costs): enter details to generate the total, use comments section below to supply explanations.				
226	Source				Amount
227	Paid out of Operating Budget, to be reimbursed by RR (shows the amount entered in row 101 above)				\$0.00
228	Paid Directly from Replacement Reserve				
229	Explanation of Non-Capital Replacement Reserve Eligible Expenditures			Total	\$0.00
230					
231	TOTAL REPLACEMENT RESERVE ELIGIBLE EXPENDITURES: the Replacement Reserve Withdrawal for the reporting period should not exceed the Total RR-eligible Expenditures. You must provide more details above or an explanation below if the RR withdrawal amount exceeds the Total RR-Eligible Expenditures.	RR Withdrawal Amount-->	\$0.00	Total RR-Eligible Expenditures-->	\$0.00
232	Notes About RR Withdrawal Amount in excess of Total RR-eligible Expenditures:				
233					

	B	C	D	E	F
13	Annual Monitoring Report - Fiscal Activity - Reporting Year 2015 - Mayor's Office of Housing & Community Development				
234					
235	FEDERAL PROGRAM INCOME REPORT				
236					
237	This section must be completed if the project received any CDBG funding, even if the amount of CDBG program income during the reporting period was zero. For more information, use the following link or copy this web address for manual navigation:				
238					
239	http://www.sf-moh.org/Modules/ShowDocument.aspx?documentid=5141				
240	Overview of Federal (HOME and CDBG) Program Income				
241					
242	CDBG PROGRAM INCOME				
	Proposed amounts to be used to fund eligible CDBG activities as described in the Federal CDBG Program Regulations at 24 CFR 570.201-206 and consistent with the City's 2015-2019 Consolidated Plan, 2015-16 Action Plans as follows:				
243		AMOUNT	DESCRIPTION		
	Amount to be used for CDBG eligible activity#1 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
244	Amount to be used for CDBG eligible activity#2 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
245	Amount to be used for CDBG eligible activity#3 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
246	Amount to be deposited for use on future eligible CDBG activities that will be undertaken by June 30, 2015 (provide amount in cell to the right, and activity description and regulation citation in column furthest to the right):				
247	Other (provide amount in cell to the right, plus activity description and regulation citation in column furthest to the right):				
248					
249	Total CDBG Program Income Calculation (see instructions for guidance on how to calculate)			\$0.00	
250	<i>To ensure the eligible use of CDBG Program Income, the recipient of federal CDBG funding hereby requests approval by the Mayor's Office of Housing and Community Development for the use of CDBG program income received during the 2015 reporting period as depicted above.</i>				

**Annual Monitoring Report - Narrative - Reporting Year 2015 -
Mayor's Office of Housing & Community Development**

Project Street Address:

Reporting Period - Start Date: 1/0/1900

Reporting Period - End Date: 1/0/1900

MOHCD created the questions below to allow project owners to supply additional information about a small number of measurements that may indicate that a project is having difficulties. By providing this information, project owners will help provide context for the conclusions that can be made about the measurements. MOHCD will use the measurements and the information below to prioritize the projects that need closer scrutiny and support. Please supply as much information as is readily available.

1. Explanations & Comments

Use this space to record notes about any peculiarities in the data entry process. For example, if you entered a formula instead of a single number for a field, make a note here re: for which question on which worksheet that was done, and describe the formula & underlying numbers. Also use this field to describe in detail any amounts entered for "Other payments" on the WS #2, Fiscal Activity, items 12 & 21.

2. Code Violations

Provide the following for any violations or citations of Health or Building or Housing Codes that were issued during the reporting period, or were issued in a prior reporting period but remained open during any time of the current reporting period:

Violation or Citation #	Date Issued	Issued By	Description	Cleared? (y/n)

(add additional rows as needed)

**** ONLY FOR ALL VIOLATIONS THAT WERE NOT RESOLVED by the end of the reporting period: You must also attach a SCANNED copy of each Violation/Citation to your AMR submittal. ****

Violation or Citation #	Date Cleared	Issued By	Description of Remedy

(add additional rows as needed)

**** ONLY FOR ALL VIOLATIONS THAT WERE NOT RESOLVED by the end of the reporting period: You must also attach a SCANNED copy of each Violation/Citation to your AMR submittal. ****

3. Major Repairs

Describe any major repair or replacement needs that have been identified as being required within the next 2 years, and any related plans to pay for whatever is needed.

4. Vacant Unit Rent-Up Time

0

If the project had an average VACANT UNIT RENT-UP TIME greater than 30 days for question 55 on worksheet "1A. Property & Residents," you must supply the following:

- a. A description of the work done to analyze the cause/s of the high turnaround time, and what the identified causes are; and
- b. A description of the work done to identify means of reducing the turnaround time, and all viable remedies that have been identified; and
- c. A description of the plan to implement any remedies, including specific timelines for the implementation work.

5. Affirmative Marketing

0

Did you conduct any marketing of the project during the reporting period? If yes, please describe the marketing that was conducted, including

- a. when the marketing was conducted and how it was intended to reach populations least likely to apply for the project;
- b. any advertising, direct mailings, emailings and web postings that were done; and
- c. how many households were on the waiting list prior to the marketing and how many were on it after the marketing was completed.

6. Vacancy Rate ----->

0.00%

If the project had a VACANCY RATE greater than 15%, as may be shown above from the Income Expense section of worksheet "2. Fiscal Activity," you must supply the following:

- a. A description of the work done to analyze the cause/s of the vacancy rate, and what the identified causes are; and
- b. A description of the work done to identify means of reducing the vacancy rate, and all viable remedies that have been identified; and
- c. A description of the plan to implement any remedies, including specific timelines for the implementation work.

7. Miscellaneous Expenses: Administrative/Operating & Maintenance

If the project had miscellaneous administrative or operating & maintenance expenses greater than \$10,000 each, you must provide a detailed itemization of these individual expenses below. Total expenses must equal the total amount reported on the Fiscal Activity worksheet.

Misc. Admin Expenses

Expense Description	Amount	HUD Acct #	Notes
Total:	0.00		

Misc. Operating & Maintenance Expenses

Expense Description	Amount	HUD Acct #	Notes
Total:	0.00		

8. Negative Cash Flow

If the project had NEGATIVE CASH FLOW, as may be shown above from the Income Expense section of worksheet "2. Fiscal Activity," you must supply the following:

- a. A description of the work done to analyze the cause/s of the shortfall, and what the identified causes are; and
- b. A description of the work done to identify remedies for the shortfall, and all viable remedies that have been identified; and
- c. A description of the plan to implement any remedies, including specific timelines for the implementation work.

Attachment 11
Tenant Selection Plan Policy

This policy is in addition to the obligations to comply with applicable federal, state and local civil rights laws, including laws pertaining to reasonable accommodation and limited English proficiency (LEP),¹ **and the applicable provision of the Violence Against Women Act, Pub. Law 109-62 (January 5, 2006), as amended.**

Application Process

- **Application Materials.** MOHCD shall provide an application to be used prior to the housing lottery. The housing provider agrees to use this application to determine lottery eligibility. The housing provider's written and/or electronic application materials should:
 - outline the screening criteria that the housing provider will use;
 - be in compliance with San Francisco Police Code Article 49 or the Fair Chance Ordinance,
 - outline how an applicant may request a modification of the admission process and/or a change in admission policies or practices as a reasonable accommodation;
 - be written in language that is clear and readily understandable,
- **First Interview.** In accordance with the housing provider policies, an initial interview is required to assess each applicant's minimum eligibility requirements for housing units. All applicants shall be offered the opportunity for an interview in lottery rank order.
- **Second Interview.** Before issuing a denial, the housing provider should consider offering a second interview to resolve issues and inconsistencies, gather additional information, and assist as much as possible with a determination to admit the applicant.
- **Confidentiality.** All information provided will be kept confidential and be used only by the housing provider, the referring agency and the funding agency for the purpose of assisting and evaluating the applicant in the admission process. All applicant information shall be retained for 12 months after the final applicant interview.
- **Delays in the Process.** If delays have occurred or are likely to occur in the application and screening process or the process exceeds the housing provider's normal timeline for application and screening, the housing provider must immediately inform the referring agency and the funding agency, of the status of the application, the reason for the delay and the anticipated time it will take to complete the application process.

¹See for e.g., Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), 42 U.S.C. §§ 3601, et seq.; 24 C.F.R. Part 100; Title VI of the Civil Rights Act of 1964, 42 U.S.C. §§ 2000d-2000d-7; Executive Order 13,166, Improving Access to Services for Persons with Limited English Proficiency (August 11, 2000); Department of Housing and Urban Development Limited English Proficiency Guidance, 72 Fed. Reg. 2732 (Jan. 22, 2007); Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794; 24 C.F.R. Parts 8 and 9; Title II of the Americans with Disabilities Act of 1990, as amended; California Fair Employment and Housing Act, Gov't Code §§ **12,955-12,956.2**; **Unruh Civil Rights Act, Civil Code § 51**; **California Disabled Persons Act, Civil Code § 51.4**; Dymally-Alatorre Bilingual Services Act, Gov't Code **§7290-7299.8**; **San Francisco Language Access Ordinance, No. 202-09 (April 14, 2009)**

- **Problems with the Referring Agency.** If at any point the housing provider has difficulty reaching or getting a response from the applicant and referring agency, the housing provider must immediately contact the referring agency, if possible, and the funding agency, DPH or HSA.
- **Limited English Proficiency Policy.** Throughout the application process, the housing provider must comply with City policy for language access requirements for applicants with limited English proficiency.

Reasonable Accommodation and Modification Policy

Reasonable Accommodation: The application process should provide information about how an applicant may make a reasonable accommodation request. At any stage in the admission process, an applicant may request a reasonable accommodation, if the applicant has a disability and as a result of the disability needs a modification of the provider’s rules, policies or practices, including a change in the way that the housing provider communicates with or provides information to the applicant that would give the applicant an equal chance to be selected by the housing provider to live in the unit.

Reasonable Modification: Applicant may request a reasonable modification if he or she has a disability and as a result of the disability needs:

- a physical change to the room or housing unit that would give the applicant an equal chance to live at the development and use the housing facilities or take part in programs on site;
- a physical change in some other part of the housing site that would give the applicant an equal chance to live at the development and use the housing facilities or take part in programs on site.

Response to Request: The housing provider shall respond to a request for reasonable accommodation or modification within ten (10) business days. The response may be to grant, deny, or modify the request, or seek additional information in writing or by a meeting with the applicant. The housing provider will work with the applicant and referring agency to determine if there are ways to accommodate the applicant.

The housing provider shall grant the request if the provider determines that:

- the applicant has a disability;
- reasonable accommodation or modification is necessary because of the disability; and
- the request is reasonable (i.e., does not impose an undue financial or administrative burden or fundamentally alter the nature of the housing program.)

If the reasonable accommodation request is denied, the rejection must explain the reasons in writing. If the denial of the reasonable accommodation request results in the applicant being denied admission to the unit, the provisions of the section on Notice of Denial and Appeal Process apply.

Notice of Denial and Appeal Process

- - The housing provider shall:
 - Hold a comparable unit for the household during the entire appeal process.
 - promptly send a written and electronic notice (to the addresses provided) to each applicant denied admission with a written and/or electronic copy to the referring agency and the funding agency. The notice should:
 - list all the reasons for the rejection, including the particular conviction or convictions that led to the decision in cases where past criminal offenses were a reason for rejection;
 - explain how the applicant can request an in person appeal to contest the decision;
 - state that an applicant with a disability is entitled to request a reasonable accommodation to participate in the appeal;
 - inform the applicant that he or she is entitled to bring an advocate or attorney to the in person appeal;
 - provide referral information for local legal services and housing rights organizations;
 - describe the evidence that the applicant can present at the appeal;
 - give applicants denied admission a date within which to file the appeal, which shall be at least ten (10) business days from the date of the notice;
 - unless an extension is agreed to by the applicant and the housing provider, hold the appeal within ten (10) business days of the request for the appeal;
 - confine the subject of the appeal to the reason for denial listed in the notice;
 - give the applicant a chance to present documents and/or witnesses showing that he or she will be a suitable tenant;
 - have an impartial supervisor or manager from the housing provider, but who is not the person who made the initial decision or a subordinate of the person who made the initial decision, conduct the appeal;
 - within 5 business days of the in person appeal, provide the applicant with a written decision that states the reason for the decision and the evidence relied upon. A copy of the written decision must be sent (electronically or otherwise) to the referring agency and the funding agency.
- If the rejection is based on a criminal background check obtained from a tenant screening agency, the Fair Chance Ordinance imposes additional notice requirements.

Attachment 12

Tenant Screening Criteria Policy

The screening criteria and considerations outlined below encourage providers to “screen in” rather than “screen out” applicants. These requirements are also designed to satisfy the requirements of San Francisco Police Code Article 49, Sections 4901-4920 or the Fair Chance Ordinance. This policy describes a minimum level of leniency; providers are encouraged to adopt less restrictive policies and processes whenever appropriate. For example, providers may opt not to review or consider applicant criminal records at all.

Screening Criteria

- Housing providers shall not automatically bar applicants who have a criminal record² in recognition of the fact that past offenses do not necessarily predict future behavior, and many applicants with a criminal record are unlikely to re-offend.
- Housing providers shall not consider:
 - arrests that did not result in convictions, except for an open arrest warrant;
 - convictions that have been expunged or dismissed under Cal. Penal Code § 1203.4 or 1203.4a;³
 - juvenile adjudications.
- Housing providers shall consider:
 - the individual circumstances of each applicant; and
 - the relationship between the offense, and
 - (1) the safety and security of other tenants, staff and/or the property; and
 - (2) mitigating circumstances such as those listed below.
 - only those offenses that occurred in the prior 7 years, except in exceptional situations, which must be documented and justified, such as where the housing provider staff is aware that the applicant engaged in violent criminal activity against staff, residents or community members and/or that the applicant intentionally submitted an application with materially false information regarding criminal activity.
 - mitigating factors, including, but not limited to:
 - (1) the seriousness of the offense;
 - (2) the age and/or circumstances of the applicant at the time of the offense;
 - (3) evidence of rehabilitation, such as employment, participation in a job training program, continuing education, participation in a drug or alcohol treatment program, or letters of support from a parole or probation officer, employer, teacher, social worker, medical professional, or community leader;

² The policy recognizes that some housing may be subject to mandatory laws that require the exclusion of an applicant based upon certain types of criminal activity.

³ The purpose of the statute is allow a petitioner to request a dismissal of the criminal accusations, a change in plea or setting aside of a verdict and to seek to have certain criminal records sealed or expunged and a release “from all penalties and disabilities resulting from the offense.”

- (4) if the offense is related to acts of domestic violence committed against the applicant;
- (5) if the offense was related to a person's disability.

Attachment 13

OPERATIONAL RULES FOR SAN FRANCISCO HOUSING LOTTERIES AND RENTAL LEASE UP ACTIVITIES

In order to implement consistent and transparent marketing practices for all affordable housing under the purview of the Mayor's Office of Housing and Community Development (MOHCD), the following policies and procedures have been adopted. The Developer hereby acknowledges and agrees to follow these procedures as outlined below.

If ever there is a conflict between a recorded development agreement and this document, the executed development agreement will prevail. Likewise, when state and federal funding sources conflict with anything outlined in this document, they too shall prevail.

HOUSING PREFERENCE PROGRAMS

The Developer hereby agrees that first preference in occupying units designated for Low Income Households (Low Income Units) will be given to persons who have been issued a Residential Certificate of Preference (COP) and who meet all qualifications for the unit.

The Developer further agrees that second preference in occupying units designated for Low Income Households will be given to persons who have been issued an Ellis Act Housing Preference Program (EAHP) Certificate and who meet all qualifications for the unit; provided, however, if the Project will include funds from the California Department of Housing and Community Development, this EAHP priority (and the corresponding requirements set forth below) will not apply for so long as the Project is subject to the requirements associated with such financing.

For new residential developments going through the initial lease-up process, the EAHP priority shall apply to twenty percent (20%) of the Low Income Units. Thus, if the number of units available exceeds the number of qualified applicants who hold a COP or other preference as dictated by specific loan documents or marketing plan, the next priority will go to EAHP certificate holders for up to twenty percent (20%) of the total Low Income Units. The EAHP priority does not apply at initial lease-up or sale to buildings having four (4) or fewer Low Income Units. However, the EAHP priority does apply to these same units upon re-rental.

Low Income Units with other occupancy priorities required by law, contract, or program rules may apply the COP and EAHP after other preferences, with COP holders being granted priority above EAHP certificate holders. Preferences required by a former Redevelopment Project Area Plan are not pre-empted by the COP Program or the Ellis Act Housing Preference Program. Preferences required by the LOSP, Direct Access to Housing Program, Housing First Program, or other government programs are not pre-empted by the Ellis Act Housing Preference Program.

Marketing and Tenant Selection Plan

The Developer agrees to supply Mayor's Office of Housing and Community Development (MOHCD or the City) with a complete and updated marketing and tenant selection plan in form and substance acceptable to the City ("Marketing and Tenant Selection Plan"), including resident selection criteria, at least six months prior to construction completion. The Marketing and Tenant Selection Plan shall be submitted on a template form as provided by MOHCD, substantially in the form attached as Exhibit K. This Marketing and Tenant Selection Plan shall not be changed without providing the City with at least fourteen (14) calendar days' written notice.

New rental units shall be marketed for at least a twenty eight (28) -day period, including a listing on the MOHCD website and on MOHCD's email housing alert system. Applicants shall submit an abridged lottery application form only and supply full income and other documentation if selected in the lottery process to proceed with a rental.

Outreach to Certificate Holders

The City shall furnish the following:

- Written and/or printed notices to EAHP certificate holders advising them that units will soon be available.
- Names and addresses of COP certificate holders. MOHCD shall address printed notices created by Developer using an MOHCD provided template. Developer is responsible for the full cost of the mailing to COP certificate holders.
- Assistance to qualified tenants in filing COP and EAHP applications or referral to an appropriate housing counseling organization.

The Developer agrees to:

- Written and mailed notices to COP certificate holders advising them that units are available using a template provided by MOHCD. COP mailings are at the cost of the Developer.
- During the application period, conduct at least one general informational meeting for all persons interested in applying for occupancy in the development, at which the Developer shall review application procedures.
- Specifically for COP and EAHP certificate holders, make support services staff available to provide assistance throughout the application process, as it may be needed, with the goal of maximizing COP/EAHP participation to the extent possible. The Developer shall ensure that COP/EAHP certificate holders are aware that such assistance is available.

Application

The Developer agrees to use a pre-lottery application template provided by MOHCD. After the lottery, the Developer may require applicants to complete an additional application provided such additional application is included in the Marketing and Tenant Selection Plan and pre-approved by MOHCD.

Pre-Lottery Application Status Reports

The Developer agrees to supply the City with the names, addresses, and housing preference certificate numbers (when available) of all applicants, including whether or not they indicate they are eligible for COP or EAHP priority status. The City will provide a template to be used to provide this status report, at a minimum, every seven (7) calendar days from the initial date applications are accepted. The City will, in turn, verify within seven (7) calendar days which such applicants are qualified as COP or EAHP certificate holders.

After the application period has closed, and at least five (5) business days prior to lottery proceedings, a non-prioritized list of all interested applicants will be provided to MOHCD on the template provided. The list shall include applicant names, addresses, and whether the applicant holds a COP or an EAHP certificate. If MOHCD does not receive this final applicant list within five (5) business days prior to the lottery, it will be cause to postpone the lottery proceedings until the complete list is received.

Lottery

The Developer shall ensure that all COP certificate holders receive first priority for occupancy and EAHP certificate holders receive second priority for occupancy in twenty percent (20%) of units, except in cases where approved and documented occupancy priorities preempt the COP and EAHP preferences. EAHP certificate holders who are not offered a unit in the twenty percent (20%) set aside shall have equal chance at any remaining units as other qualified applicants.

The Developer shall hold a public lottery to select renters. Applicants who submit a complete application by the application deadline receive a numbered lottery ticket whose twin ticket is entered into the lottery. Upon pre-approval from the City, lotteries may also be conducted using names of applicants.

When a Developer chooses to receive applications by mail, applicants must be notified that applications must be post marked prior to the application deadline. Developers receiving applications via mail must allow five (5) business days from the application deadline before scheduling the lottery to allow for mail delivery. As stated above, the final application list is due to MOHCD at least five (5) business days prior to the lottery, therefore Developers who elect to receive applications via mail must allow ten (10) business days from the application deadline to the lottery date.

Lotteries are held in a public, accessible location. Applicants are invited to attend lotteries, but attendance is not mandatory.

To conduct the lottery, the City and/or the Developer shall pull application tickets from a vessel and order and record the lottery results in rank order by application ticket number. When using names, Developer shall pre-enter all applicant names onto individual name cards. All EAHP certificate holders should have two name cards. Names shall be pulled from a vessel in rank order. There should be separate lotteries held for each preference. First, COP certificate holders will be drawn and ranked, followed by EAHP certificate holders, followed by applicants from

the general population. The EAHP certificate holder's second card will be included in the general lottery. Electronic lotteries are not allowed.

The Developer should use a large computer or projector screen or hand printed flip chart sheets to display all numbers/names drawn and the sequenced lottery number assigned for each preference lottery and the general lottery. This can be done by listing all applicants in separate columns under each preference category.

The Developer should record each name card/number ticket assigned a lottery number onto the applicant list template provided by MOHCD. A computer master list as well as a hand printed paper list for double checking. Results will remain projected on a screen or posted flip chart paper throughout the lottery drawing process for the public to view and record results.

The Developer shall record the order of lottery numbers/names drawn and produce a final ranked lottery list for each preference and for the general lottery. Once the lottery preferences have been confirmed and applied, the Developer must notify applicants of their position in the lottery by posting the results on Developer's website or another public site and/or by mail.

Post-Lottery Lease up Instructions

The Developer agrees to contact each applicant in lottery rank order to set up an interview where the Developer will receive supporting documents from the applicant (i.e., income documentation, tax returns, and bank statements).

The Developer agrees to income qualify each household member based on the supporting documents submitted by the applicant. Income qualification cannot be based solely on what's reported by the applicant on the application.

In accordance with San Francisco Administrative Code Section 12H and applicable laws of the State of California, Developer shall not use citizen status as a qualification for selection. Developer shall not ask for social security information prior determining the household's income eligibility.

The Developer shall comply with San Francisco Police Code Article 49, Sections 4901-4920 (the "Fair Chance Ordinance") and the specific screening requirements set forth in Exhibit I (Tenant Screening Criteria Policy).

The Developer agrees to offer units in ranked order to applicants who meet all qualifications. If an applicant is still in the review process and the applicant behind them in lottery rank order has been approved, the first applicant must be offered a specific unit that is reserved for that applicant until all qualifications have been reviewed and approved.

In the case where an applicant is denied for housing and appeals the denial, the Developer agrees to hold a comparable unit until the final decision has been made regarding the appeal. Should Developer determine that an applicant's denial appeal will be denied, Developer will inform MOHCD of this decision with documentation used to sustain the denial. MOHCD will confirm the denial is in accordance with Developer's eligibility

requirements. Developer agrees to be in compliance with all Fair Chance Ordinance appeals process requirements.

If ineligibility is determined, the applicant will be notified in writing within one week after such determination is made, with a copy to the City. These applicants will also appear on the status report.

Post-Lottery Status Report

Every seven (7) business days following any lottery the Developer shall supply the City with a lease-up status report on a MOHCD-provided template. MOHCD has the right to audit the Developer's lease up procedure and applicant files within 24 hour notice during the lease up period.

Response Deadline

Applicants who have been accepted and notified in writing by the Developer shall have at least ten (10) calendar days thereafter to enter into a lease agreement. If the applicant fails to affirmatively respond, the application may be closed, making that unit available to the next eligible tenant. Written notice shall be provided to applicants whose applications are closed after 10 days due to a lack of response. Rejection of the unit by a COP or EAHP certificate holder and closed applications must be shown on the status report to the City.

Final Documentation

Within fourteen (14) calendar days after execution of a lease, the Developer shall supply the City with a copy of the following for all COP and EAHP tenants:

- signed copy of lease
- copy of complete application
- a demographic report on all COP and EAHP applicants

Retention Policy

For MOHCD auditing purposes, Developers are required to keep all supporting documents for each applicant that has been interviewed for at least one year after the interview.

Re-rental of Low Income Units

Upon re-rental of any Low Income Unit or when re-opening the project waitlist to new applicants, the Developer shall notify the City in advance of any vacancy or waitlist opportunity. In no event shall the City be notified fewer than thirty (30) days before the date of re-occupancy for a vacant unit. In no event shall the City be notified fewer than thirty (30) days before a closed waitlist is re-opened for new applications. Violation of the thirty (30) day notification requirement may delay re-occupancy.

Waitlist applications shall be entered into a lottery as described above. All lottery procedures listed in this document apply to wait list openings. Appeals, response deadline, application forms, and final documentation requirements listed above shall apply to all re-rentals.

Developers filling unit vacancies off a waitlist must accept applications from approved COP and EAHP certificate holders at any time, regardless of whether the waitlist is closed to other applicants. If a COP or EAHP certificate holder is found eligible for a Low Income Unit in the building, they shall be placed at the top of the waitlist.

No more than seven (7) calendar days following the date that any new applications are accepted for a waitlist, the Developer shall supply the City with a status report listing names, addresses and certificate numbers (when available) of COP and EAHP certificate holders indicating the status of each application as of that date and the reason for any rejections.

The City will, in turn, verify within seven (7) calendar days which such applicants are qualified as COP or EAHP certificate holders.

On an annual basis and each time a new waitlist lottery is conducted, the City shall be provided with a complete list of all applicant names, lottery rank on the waitlist, and whether they hold a COP or EAHP certificate upon finalization of the waitlist.

Attachment 14

**City and County of San Francisco
Mayor’s Office of Housing and Community Development (MOHCD)**

Marketing and Tenant Selection Plan for Initial Rental Units (2015 edition)

This marketing and tenant selection plan is subject to City review within 10 business days from the date it is received and complete. **Please set all advertising dates in this plan so that no date commences sooner than 30 working days before the date of your plan submission.**

Please complete and return this form in computer “Word” document format so that our office may track changes directly onto the document. The approval process typically involves a back-and-forth process between MOHCD and the developer’s representative. Please do not submit incomplete plans. This marketing and tenant selection plan may be updated from time to time at the discretion of MOHCD. Thank you.

I. General Information *(Suggestion: Cut and paste sections I - VIII from this form into your marketing plan. This is the exact information required to be included.)*

I/We agree that (“Developer’s Name and/or Service Provider”) goal is to ensure that all applicants are screened using consistently applied, fair criteria, to provide a desirable, well-maintained and affordable place to live for an economically, racially, and ethnically integrated resident population, while complying with the provisions of any federal, state, or local law prohibiting discrimination in housing on the basis of race, religion, sex, color, family status, disability status, national origin, marital status, ancestry, gender identity or sexual orientation, source of income, or HIV/AIDS status.

In order to inform the public, owners, and prospective tenants about federal fair housing laws and affirmative fair marketing procedures per the MOHCD Loan Agreement, (“Developer’s Name and/or Service Provider”) will include the Equal Housing Opportunity logotype and/or slogan, and a logotype indicating accessibility to the disabled, in all press releases, solicitations, and program information materials.

Today’s Date	
Proposed Marketing Launch Date (Must be no sooner than 30 days from the date of first marketing plan submission)	
Name of Building	
Property Address (Street address used for marketing and mailing to new renters)	

Property Address as Stated in Planning Approval	
Planning Motion Number	
Notice of Special Restrictions Document #	
Name of City and Co. of SF Planner	

The following developer contact information for is for internal use only.

Name of Developer	
Developer Address	
Developer Phone	
Developer Email	

Name of Marketing Company	
Marketing Agent	
Marketing Agent Address	
Marketing Agent Phone	
Marketing Agent Email	

Date of Building Permit Issuance	
Expected Issuance Date of Temporary Certificate of Occupancy	
Expected Issuance Date of Final Certificate of Occupancy	
Date on Which You Expect Affordable Units to Begin Renting	
Date on Which You	

Expect All Affordable Units to Complete Renting	
---	--

List all Sources of Government Financing for the Project (e.g. CDLAC, TCAC, HUD Loan, Infill Grant, etc.)	
---	--

If there is a source of government financing, how long and at what % Area Median Income must your units be restricted as rental units under this financing?	
--	--

Are your units condo mapped (i.e. subdivided) through the Department of Real Estate?	
--	--

Do you intend to convert to ownership units in the future? Please explain.	
--	--

II. Overall Building Composition

Total # Units in Building (including affordable)	
Number of Residential Floors in the Building	

III. Market Rate Units (if applicable)

Unit Type	Total #	Rent Range of Market Rate Units
SRO		
Studio		
Jr. 1 Bedroom		
1 Bedroom		
1+ Bedroom		
2 Bedroom		
2+ Bedroom		
3 Bedroom		
3+ Bedroom		
4 Bedroom		
Other		

1. IV. Affordable Units

Total # affordable (only) Units in Building	
---	--

AFFORDABLE UNITS BY BEDROOM SIZE

Unit Type	Total #	Minimum Household Occupancy Size	*Maximum Household Occupancy Size
SRO			
Studio			
Jr. 1 Bedroom			
1 Bedroom			
1+ Bedroom			
2 Bedroom			
2+ Bedroom			
3 Bedroom			
3+ Bedroom			
4 Bedroom			
Other			

*Please note that children under 6 years do not count toward household size.

DETAILED DESCRIPTION OF AFFORDABLE UNITS BY BEDROOM SIZE

Refer to Rent Levels Set by MOHCD for Table Below.

Unit #	Bedroom Count	Bath Count	Square Feet	Unit Accessible/Adaptable (including Visually or Hearing Impaired)	Rent	% Area Median Income Limit	Max. Household Income Allowed	Min. Monthly Household Income Required	Deposit Required	Parking Price

V. Renter Qualifications

I/We understand that it is our responsibility to read and understand the rules of the Regulatory Agreement(s) for this development as well as the marketing and outreach policies set forth by the City and County of San Francisco Mayor’s Office of Housing and Community Development.

[You must attach a resident selection criteria document for our review in addition to completing the section below. The resident selection criteria must also specify any preferences or program-specific resident selection criteria applicable to the project, such as lottery preferences, and/or Access Point referrals from the Human Services Agency or Department of Public Health for Local Operating Subsidy Program units, etc. The resident selection criteria must also incorporate references to the Fair Chance Ordinance and how criminal background checks will not be used until after all other qualifications have been reviewed. The resident selection criteria should also include the following information as applicable:

1) Applicant Eligibility Criteria

All applicants must qualify based upon:

- Commitment to use the unit as the principal residence.
- Commitment to participate in rental restrictions and compliance recertification.
- **Insert project specific eligibility information (household size, income, age, etc.)**

[PLEASE INSERT THE ANNUAL INCOME LIMIT YOU WILL USE AND INSERT INCOME LIMITS INTO THE TABLE BELOW]

_____ % of Maximum Income by Household Size derived from the Unadjusted Area Median Income (AMI) for HUD Metro Fair Market Rent Area (HMFA) that contains San Francisco 2014

A one person household can make no more than \$ _____

A two person household can make no more than \$ _____

A three person household can make no more than \$ _____

A four person household can make no more than \$ _____

A five person household can make no more than \$ _____

A six person household can make no more than \$ _____

A seven person household can make no more than \$ _____

(Please visit www.sfmohcd.org for larger households.)

2) Occupancy Preferences (Verify with MOHCD)

Preference will be given to (insert, project-specific preference chart, per the project's MOHCD Loan Documents and/or Ground Lease):

SAMPLE BELOW:

Preference	Applicant Category
1	Persons Displaced by Project Activity
2	Certificate of Preference Holders: a. Western Addition b. Hunters Point c. Residential G
3	All Others

Applicants will be required to indicate on their application if they believe they qualify for a preference, and must submit documented proof along with their application submission. Failure to provide proof may result in the preference not being granted. MOHCD staff will confirm all Certificate of Preference holders. See Exhibit J for Operational Rules for San Francisco Housing Lotteries and Rental Lease Up Activities.

Notes regarding preferences:

- Only one form of documented proof is required.
- Only one adult household member must be eligible for a preference.
- Any preference claim found to be false may result in the reordering of the application as if it had never requested or received a preference, or in the case of proven fraud by MOHCD, withdrawal of the application.

During ongoing lease-ups of units, Certificate Holders will receive priority on the waitlist. See “Certificate of Preference” section for more information.

3) Local Operating Subsidy Program

[If your project is receiving Local Operating Subsidy Program (“LOSP”) funds from either the Department of Public Health or Human Services Agency for designated LOSP units, then describe the total number of units and number of units receiving LOSP subsidy along with the referral process for those units, also please insert the following language:]

“Certificate of Preference Holders who meet eligibility for (Insert City department providing LOSP funds)’s LOSP units will have priority status over other LOSP applicants. Certificate holders will be required to apply for the LOSP units by going through the (Insert DPH or HSA) designated Access Sites/Points for LOSP eligibility screening.”

4) Basis of Denial for Lottery Winners:

[Please list the reasons why you would deny AFFORDABLE lottery winner (e.g. evictions, credit issues, etc.). Please be specific with each ground for denial, stating the specific standard within each denial rather than the general standard.]

Basis of Denial for Lottery Winners:

Ability to pay rent standard – [please complete in detail]
Credit Standard – [please complete in detail]
Rental History Standard – [please complete in detail]
Criminal History Standard must be compliant with Fair Chance Ordinance– [please complete in detail]
Maximum Household Size Standard – [please complete in detail]
Other – [please complete]

(a)

I/we confirm that the building selection criteria rules that we will apply to the Affordable Rental applicants are the same as or more lenient than those applied to applicants for our market rate units.

5) Mitigating Circumstances:

[The Developer should describe its mitigating circumstances policy and procedures.]

6) Reasonable Accommodations:

[Your plan should provide instructions on filing a Request for Reasonable Accommodation; guidelines for considering and evaluating a Request for Reasonable Accommodation, and the appeal process.]

7) Grievance Policy

The Grievance Policy will be available to all applicants of (“Project Name”). (See below for a sample Grievance Policy).

SAMPLE GRIEVANCE POLICY:

“If, at any time during the application process, you feel that your rights, duties, welfare, or status are or may have been adversely affected by (“Developer’s Name and/or Service Provider’s”) action or failure to act, you may submit your grievance for informal or formal review. You may call (insert phone #) and leave a voicemail if necessary, and your call will be returned as soon as possible, but no later than 3 business days after your call date. If your grievance is not resolved at that point, you may request an informal hearing, which is a meeting with the (“Developer’s Name and/or Service Provider”) Staff and Director. The goal of the informal hearing is to settle the problem without the need for a formal hearing. In the event the problem is not settled, you are entitled to request a formal hearing. A formal hearing is between you and (“Developer’s Name and/or Service Provider”), and a designated member of MOHCD. To request a formal hearing, you must already have attempted to resolve the issue with the (“Developer’s Name and/or Service Provider”) and through an informal hearing described above. All requests for informal or formal meetings must be in writing, and

must contain specific grounds for complaint. Hearing requests should be mailed to: (insert “Developer’s Name and/or Service Provider” & contact info).

If you have a grievance with any entity related to the project, including MOHCD, please contact the (“Developer’s Name and/or Service Provider”) to advise you on pursuing the appropriate next steps.”

2. VI. Marketing Strategy

(a) Advertising

The City and County of San Francisco requires best practices regarding marketing affordable units. These best practices include advertising over a period of at least three (3) weeks in five (5) local newspapers that outreach to minority and low-, median-, and moderate-income communities in San Francisco and in one (1) citywide paper for a period of 2 weekends on a Saturday or Sunday. The marketing must occur during the first 3 weeks of the 4-week required MOHCD posting period.

- (i) I/We will post in the following five (5) local venues throughout a 3-week period at least one time each week:**

Newspaper or publication	Exact Advertisements Dates
<i>Suggestion: Craig’s List</i>	
<i>Suggestion: Bayview or Sun Reporter (African American audience)</i>	
<i>Suggestion: El Mensajero or El Tecalote (Spanish speaking audience)</i>	
<i>Suggestion: Philippine News or Asian Journal (Filipino audience)</i>	
<i>Suggestion: Asian Weekly or Singtao Daily (Chinese audience)</i>	
<i>Suggestion for Other: Choose a paper that is local to the building</i>	

- (ii) I/We will announce the affordable housing opportunity in at least three of the following non-print electronic media outlets throughout the marketing period.**

Social Media Activity	Exact Advertisement Dates Sources
<i>Suggestion: Facebook, Twitter, etc.</i>	
<i>Suggestion: website</i>	
<i>Suggestion: email blast</i>	

All newspaper ads and postings will state income maximums by household size; renter qualifications; rental team contact information as the primary contact information; and identify MOHCD as the monitor of the Affordable Rental program. Ads may refer applicants to the MOHCD website at www.sfmohcd.org but will not list MOHCD telephone numbers or email addresses. A copy of the wording to be used in all advertising will be sent to MOHCD for initial review and copies of all placed ads will be sent to MOHCD upon the completion of the marketing period. All postings will display an “Equal Housing Opportunity” symbol on all marketing materials, advertisements and notices at the rental office:



SAMPLE AD LANGUAGE:

2 one-bedroom Affordable Rental Units available at 333 Birch Street. \$1,000 a month. Must not own a housing unit and be income eligible. Households must earn no more than the maximum income levels below:

55% of Median Income

One person - \$38,950; 2 persons - \$44,500; 3 persons - \$50,100; 4 persons - \$55,650 etc.

Applications due by 5pm on DATE. Please contact the Green Company for an application and more information at (415) xxx-xxxx or 333birchaffordable@green.com or download at www.green.com.

Units available through the San Francisco Mayor’s Office of Housing and Community

Development and are subject to monitoring and other restrictions. Visit www.sfmohcd.org for program information.



I/We will use the following ad language when advertising the Affordable Rental units.

[Your Proposed Ad Language Here:]

Beyond the information provided in the application for the Affordable Rental unit(s), applicants will have access to information on the units available. This information will be relayed in the following manner: _____(This information may be relayed through a general website for the development or through flyers or other handouts on the development.)

Outreach Materials (i.e flyer or post cards)

I/We understand that our project must provide a flyer and/or post card **as a part of this submission** for the AFFORDABLE units available that includes the following information.

(Please see sample flyer at the end of this document for a template.)

- “Affordable Rental” indication
- Reference to MOHCD Affordable Rental program
- Certificate of Preference and Ellis Act Housing Preference indication (if applicable)
- Maximum and minimum qualifying incomes
- Rent Levels
- Description of units
- Exterior and interior photo of the development
- Information on information sessions
- Information on how to obtain an application
- Fair Housing logo
- Equal Opportunity logo
- Your website

b.

c. Strategy for Marketing to Residents of the Immediate Neighborhood

I/We understand we must present a strategy for reaching out to the local community surrounding the building. *[Suggestions include posting flyers in local community meeting places, posting the units in local papers, and reaching out to local community groups. This strategy is above and beyond your ad placements. At a minimum, list 10 local venues in which you will post your flyer or otherwise distribute your flyer.]*

d. *[Your Strategy for Marketing to Residents of the Immediate Neighborhood Here:]*

Outreach to Certificate of Preference Holders

- a. I/We understand that we are responsible for marketing our Affordable Rental units to Certificate of Preference holders. Certificate of Preference holders are primarily households displaced in Redevelopment Project Areas during the 1960's and 1970's, but may also include other persons displaced by Agency action. I/We understand that we are not responsible for direct marketing to Ellis Act Housing Preference holders. For more information, applicants may contact 415-701-5613.

I/We understand that I/we shall provide post cards for the mailing of an affordable housing announcement to all Certificate of Preference holders. We are responsible for printing the post cards using the information provided by MOHCD. MOHCD shall coordinate the mailing and invoice the developer for the full cost of the first class mailing, including postage and labels.

(a) **Important Dates and Completion of MOHCD Web Posting**

I/We understand that Affordable units must be posted on the MOHCD website for at least 28 calendar days prior to application deadline. The following template will be posted on the MOH website during the marketing period.

Please complete this template thoroughly. This posting will appear on the MOHCD website under "Current Rental Listings." Please remove red sections once complete.

Posting Date	Enter the date on which you would like to begin your marketing. Must be at least 30 days from the date of your submittal of a complete marketing plan to MOHCD.
Type of Unit	For example: Senior Housing; LOSP; Multi-family, etc.
Development Name	
Address	
Number of Units	Total number of affordable units
Number of Bedrooms	
Neighborhood	Write name of neighborhood here
Square Footage	
Year Built	
Maximum Allowable Income Level of Households	Use these income levels or levels specific to your units. The levels below may not apply to your project. Please remove levels of households that are too small for the unit. 55% of Maximum Income by Household Size derived from the Unadjusted Area Median Income (AMI) for HUD Metro Fair Market Rent Area (HMFA) that contains San Francisco 2014 A one person household can make no more than \$37,350 A two person household can make no more than \$42,750 A three person household can make no more than \$48,050 A four person household can make no more than \$53,400 A five person household can make no more than \$57,650 A six person household can make no more than \$61,950 A seven person household can make no more than \$66,200
Rent	Use the rent levels and unit sizes specific to your unit and remove all others

	<p>that are not applicable. For example:</p> <p>2013 Maximum Monthly Rent By Unit Type (without utilities)</p> <p>55% of Unadjusted Area Median Income (AMI) for HUD Metro Fair Market Rent Area (HMFA) that contains San Francisco</p> <p>SRO - \$695 Studio - \$939 1-Bedroom - \$1,066 2-Bedroom - \$1,192 3-Bedroom - \$1,309 4-Bedroom - \$1,392</p>
Minimum Allowable Income Level of Households	<p>Studio unit(s) – Household income must equal at least __ a month. One-bedroom unit(s) – Household income must equal at least __ a month. Two-bedroom unit(s) – Household income must equal at least __ a month. Three-bedroom unit(s) – Household income must equal at least __ a month.</p>
Minimum Household Size	<p>Households should be at least as many people as there are bedrooms in the unit to apply.</p>
Maximum Household Size	<p>Household size should not be limited beyond that allowed by SF Housing Code.</p>
Building Selection Criteria	<p>Please complete according to your guidelines.</p> <p>In addition to qualifying under the rules of the Inclusionary Housing Program, applicants must qualify under the rules of the building. Each section below should be completed with detail</p> <p>Building Selection Criteria: Ability to pay rent standard – example – income must be 2 times monthly rent Credit Standard – example – no lower than 580 Rental History Standard – example- no previous evictions in the last 3 years Criminal History Standard – example – no felony conviction in the last 7 years <i>Please note, in compliance with Article 49 of the San Francisco Police Code, your background check will not be reviewed until all of your other qualifications have been reviewed</i> Other – please list any other eligibility criteria not listed anywhere else on this posting.</p> <p>You may also include a link to additional selection criteria documents or info for consumer review.</p>
Deposit Required for Move-in	
Parking	<p>Each unit includes one parking space as a part of the rent -OR- One parking space per unit available for \$_____ a month fee.</p>
Which, if any, utilities	

are paid by the building?	
How are utilities paid by the renter?	<p>Renter pays own utility bills directly.</p> <p>-OR-</p> <p>Renter is charged a flat rate of \$___ by a third party vendor for the following utilities: _____ on a monthly basis.</p> <p>-OR-</p> <p>All utilities are paid by the building.</p>
Other fees and/or building rules	Please list any fees for pets, mandatory insurance, bounced check, etc. here.
Contact Person	
Phone	
Email	
Website	
How to obtain an application	
Application deadline	<p>_____, 5pm</p> <p>Applications must be <u>received</u> in paper form (no faxes or emails) by 5pm on the date of the deadline.</p>
Address to which application should be delivered	<p>Office:</p> <p>Rental Manager Name:</p> <p>Address:</p> <p>City/State/Zip Code:</p> <p>Attn:</p>
Open House Dates (if applicable)	<p>Date:</p> <p>Time:</p> <p>Date:</p> <p>Time:</p> <p>Date:</p> <p>Time:</p>
Information Session	Enter date, time and location
Lottery	<p>Enter date, time and location</p> <p>(Consider working with City to rent Main Library Koret Auditorium if a larger lottery is anticipated.)</p> <p>Applicants do not need to be present at the lottery. Results will be posted to (place your web URL here) within two weeks of the lottery.</p>
Special Note(s)	

(b) VII. Application/Selection Process and Timeline

The City and County of San Francisco’s requirements for the marketing, application process, lottery process, tenant selection process and tenant screening criteria are defined by Exhibits H, I, J, & K.

[Please complete the following timeline as part of your Marketing Plan]

Timeline of Entire Process (add info as needed)

Task Name	Date
Submittal of Marketing Plan to MOHCD	
Marketing period (3 months)	
Copy of Advertisements to required newspapers	
Applications Available to public	
Informational Workshop #1	
Informational Workshop #2	
Additional Community Outreach (if applicable)	
Application Deadline	
Lottery	
Demographic Summary of all Applicants to MOHCD	
Certificate of Preference count to MOHCD	
Application Review / Approval Process- start date	
Lease-up process / timeline	
Initial MOHCD approvals returned	
First Occupancy	
Construction start date- projected	
Project Closing- projected date	

VIII. Document Review

I/We certify that I/we and all agents involved in the process of renting affordable units have read Exhibits, H, I, J & K.

Representative (sign) _____

Representative (print) _____

Title (print) _____

Company (print) _____

Date (print) _____

Flyer Template

Affordable Homes for Rent in San Francisco

Exterior Photo	Interior Photo

**3 two-bedroom + 3 three-bedroom “Below Market Rate” rental units available
Bayside Village, 1125 Laurel Court, San Francisco**

- New Units with Modern Design + Amenities
- (2) Two-bedroom units for ____ available to households at or under 55% of median income
- Renter households must earn no more than the income levels listed below:

Household Size	One Person	Two Person	Three Person	Four Person	Five Person
55% of Median Income 2014	\$37,350	\$42,750	\$48,050	\$53,400	\$57,650

Applications must be received by 5pm on Friday, April 13, 2014 to Smith Rentals, 300 Church St., San Francisco, CA 94114.

Contact Smith Rentals at (415) 282-10000 or john@smithrentals.com for application and information on the units and view the full unit posting at www.sfmohcd.org.

Units are monitored through the San Francisco Mayor’s Office of Housing and Community Development and are subject to monitoring and other restrictions. Visit www.sfmohcd.org for program information.

**Information session
Monday, June 2, 2013, 6pm
123 Hyde Street**

Open House Dates

Attachment

June 2, 5-6pm; June 12, 12-1pm; June 25, 5-6pmAll applicants are encouraged to apply. Lottery preference will be given to Certificate of Preference and Ellis Act Housing Preference holders* and households that live or work in San Francisco.

Unit #	Bedroom Count	Bath Count	Square Feet	Floor	Rent	Income Maximum	Minimum Monthly Household Income Required	Deposit Required
E113	Studio	1	448	1	\$939	55% of AMI	\$2347.50	\$939
E114	1	1	605	1	\$1066	55% of AMI	\$2665	\$1066
E105	2	1	846	1	\$1192	55% of AMI	\$2980	\$1192

**Certificate of Preference holders are primarily households displaced in Redevelopment Project Areas during the 1960's and 1970's, but may also include other persons displaced by Agency action. Ellis Act Housing Preference holders are long term San Francisco tenants who were evicted because of the Ellis Act. Contact 415-701-5613 for more information.*

COP Postcard Template

Affordable Homes for Rent in San Francisco

Exterior Photo	Interior Photo

3 two-bedroom (\$rent amount)+ 3 three-bedroom (\$rent amount) rental units available at Bayside Village, 1125 Laurel Court

- Renter Households must have a minimum monthly income of \$_____
- Renter households must earn no more than the income levels listed below:

Household Size	One Person	Two Person	Three Person	Four Person	Five Person
55% of Median Income 2012	\$39,650	\$45,300	\$51,000	\$56,650	\$61,200

**Certificate of Preference holders are primarily households displaced in Redevelopment Project Areas during the 1960's and 1970's, but may also include other persons displaced by Agency action. Ellis Act Housing Preference holders are long term San Francisco tenants who were evicted because of the Ellis Act. Contact 415-701-5613 for more information.*

Side Two:

**Mayor's Office of Housing & Community Development
1 South Van Ness, 5th Floor
San Francisco, CA 94103**

**Applications must be received by
5pm on Friday, April 13, 2012 to:
Makras Real Estate, 1193 Church St.
San Francisco, CA 94114.**

For more information & to apply Contact JM Rentals
(415) 282-8400 or victor@jmrentals.com or
www.sfmohcd.org

Information session
Monday, June 2, 2012, 6pm
123 Hyde Street

Open House Dates
June 2, 5-6pm; June 12, 12-1pm; June 25, 5-6pm

Attachment 15

Sources and Uses
[Attached]

Laurel Gardens Apartments - 1555 Turk St.

Pro-forma 2016 (post-rehab)

Effective Gross Income		
Rental Income		\$ 2,082,240
Misc Income		6,418
Vacancy	5.00%	(104,112)
Total Rental Income		\$ 1,984,546
Expenses		
Operating Expenses		687,980
Ground Lease Base Rent		15,000
Annual Replacement Reserve Deposit		35,464
Total Operating Expenses		738,444
Net Cash flow		
NOI		1,246,102
Annual Mortgage Payment (20/20, 4.703%, 130x DSCR)		957,765
Net Income (to be split 1/3 to Bethel, 2/3 to MOH Residual Lease Payment)		\$ 288,337

Sources+Uses - Refinancing with Citicorp Loan

2/5/2016

Sources		
New Citicorp loan (20/20 amortization @ 4.703%)		\$ 13,000,000
HUD RR Acct (as of 12/31/2015)		487,419
Loan application fee to Citicorp (April, 2015)		25,000
Total Sources		\$ 13,512,419
Uses		
HUD loan (to BofA, est)		\$ 1,192,726
City of SF loan (balance)		672,915
* City of SF loan (accrued interest, est)		366,274
Northern CA Community Loan (w max int)		1,168,750
Unsecured Notes (to GP w/ aced.int., est)		356,392
* Property Rehabilitation		5,559,416
15% Hardcost Contingency		633,081
* "Guarantee" Reserve		450,907
* 5% "softcost" Contingency		49,050
Resident relocation		525,000
Est'd restructuring, loan, legal+title fees		-
Lender Origination Fee (Citibank)	1.00%	130,000
Loan Consultant Fee (John Wong)	0.66%	80,000
Restructuring Consultant (Bobby Sis)	3.00%	390,000
Refinancing Request Fee (Mayor's Office of Housing)		3,000
Lender's Counsel		40,000
Lender's Appraisal		7,000
Lender's Engineering+Seismic Report		6,500
Lender's Environmental Review		4,500
Zoning Fee (to Lender)		850
Insurance Broker Fee (to Lender)		1,250
Loan Processing Fee		5,000
Monthly Construction Inspections (to Lender)		15,000
Flood Certificate and credit reports (to Lender)		100
Borrower's Counsel		15,000
1st American Title Co (and related fees)		22,134
Total Fees		720,334
MOH Attorney Fees for Groundlease work		tbd
Initial Replacement Reserve Deposit @ \$1000/unit		52,000
Total Uses		\$ 11,746,845
Equity Takeout (Total Sources - Uses, as defined by MOH)		1,765,574
Cash Payable to Bethel (=1/3 of Equity Takeout)		588,525
Developer Fee (up to \$500k, payable at Loan Closing)		\$ 500,000
Remaining Cash-out Equity (payable at rehab completion)		88,525
Restricted Proceeds to Housing Trust with MOH (=2/3 of Equity Takeout)		1,177,049